

**Amendment in the Nature of a Substitute
to H.R. 3004**

Offered by Mr. Oxley

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Financial Anti-Terrorism Act of 2001”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING LAW ENFORCEMENT

Sec. 101. Bulk cash smuggling into or out of the United States.

Sec. 102. Forfeiture in currency reporting cases.

Sec. 103. Interstate currency couriers.

Sec. 104. Illegal money transmitting businesses.

Sec. 105. Long-arm jurisdiction over foreign money launderers.

Sec. 106. Laundering money through a foreign bank.

Sec. 107. Specified unlawful activity for money laundering.

Sec. 108. Laundering the proceeds of terrorism.

Sec. 109. Violations of reporting requirements for nonfinancial trades and business.

Sec. 110. Proceeds of foreign crimes.

Sec. 111. Availability of reports relating to coins and currency received in non-financial trade or business.

Sec. 112. Penalties for violations of geographic targeting orders and certain record keeping requirements.

Sec. 113. Exclusion of aliens involved in money laundering.

Sec. 114. Standing to contest forfeiture of funds deposited into foreign bank that has a correspondent account in the United States.

Sec. 115. Subpoenas for records regarding funds in correspondent bank accounts.



- Sec. 116. Authority to order convicted criminal to return property located abroad.
- Sec. 117. Corporation represented by a fugitive.
- Sec. 118. Enforcement of foreign judgments.
- Sec. 119. Reporting provisions and anti-terrorist activities of United States intelligence agencies.
- Sec. 120. Financial Crimes Enforcement Network.
- Sec. 121. Customs Service border searches.
- Sec. 122. Prohibition on false statements to financial institutions concerning the identity of a customer.
- Sec. 123. Verification of identification.

TITLE II—PUBLIC-PRIVATE COOPERATION

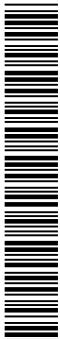
- Sec. 201. Establishment of highly secure network.
- Sec. 202. Report on improvements in data access and other issues.
- Sec. 203. Reports to the financial services industry on suspicious financial activities.
- Sec. 204. Efficient use of currency transaction report system.
- Sec. 205. Public-private task force on terrorist financing issues.
- Sec. 206. Suspicious activity reporting requirements.
- Sec. 207. Amendments relating to reporting of suspicious activities.
- Sec. 208. Authorization to include suspicions of illegal activity in written employment references.
- Sec. 209. International cooperation on identification of originators of wire transfers.
- Sec. 210. Check truncation study.

TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING

- Sec. 301. Special measures for jurisdictions, financial institutions, or international transactions of primary money laundering concern.
- Sec. 302. Special due diligence for correspondent accounts and private banking accounts.
- Sec. 303. Prohibition on United States correspondent accounts with foreign shell banks.
- Sec. 304. Anti-money laundering programs.
- Sec. 305. Concentration accounts at financial institutions.
- Sec. 306. International cooperation in investigations of money laundering, financial crimes, and the finances of terrorist groups.
- Sec. 307. Prohibition on acceptance of any bank instrument for unlawful internet gambling.
- Sec. 308. Internet gambling in or through foreign jurisdictions.

TITLE IV—CURRENCY PROTECTION

- Sec. 401. Counterfeiting domestic currency and obligations.
- Sec. 402. Counterfeiting foreign currency and obligations.
- Sec. 403. Production of documents.
- Sec. 404. Reimbursement.



1 **TITLE I—STRENGTHENING LAW**
2 **ENFORCEMENT**

3 **SEC. 101. BULK CASH SMUGGLING INTO OR OUT OF THE**
4 **UNITED STATES.**

5 (a) FINDINGS.—The Congress finds the following:

6 (1) Effective enforcement of the currency re-
7 porting requirements of subchapter II of chapter 53
8 of title 31, United States Code, and the regulations
9 prescribed under such subchapter, has forced drug
10 dealers and other criminals engaged in cash-based
11 businesses to avoid using traditional financial insti-
12 tutions.

13 (2) In their effort to avoid using traditional fi-
14 nancial institutions, drug dealers and other criminals
15 are forced to move large quantities of currency in
16 bulk form to and through the airports, border cross-
17 ings, and other ports of entry where the currency
18 can be smuggled out of the United States and placed
19 in a foreign financial institution or sold on the black
20 market.

21 (3) The transportation and smuggling of cash
22 in bulk form may now be the most common form of
23 money laundering, and the movement of large sums
24 of cash is one of the most reliable warning signs of



1 drug trafficking, terrorism, money laundering, rack-
2 eteering, tax evasion and similar crimes.

3 (4) The intentional transportation into or out of
4 the United States of large amounts of currency or
5 monetary instruments, in a manner designed to cir-
6 cumvent the mandatory reporting provisions of sub-
7 chapter II of chapter 53 of title 31, United States
8 Code,, is the equivalent of, and creates the same
9 harm as, the smuggling of goods.

10 (5) The arrest and prosecution of bulk cash
11 smugglers are important parts of law enforcement's
12 effort to stop the laundering of criminal proceeds,
13 but the couriers who attempt to smuggle the cash
14 out of the United States are typically low-level em-
15 ployees of large criminal organizations, and thus are
16 easily replaced. Accordingly, only the confiscation of
17 the smuggled bulk cash can effectively break the
18 cycle of criminal activity of which the laundering of
19 the bulk cash is a critical part.

20 (6) The current penalties for violations of the
21 currency reporting requirements are insufficient to
22 provide a deterrent to the laundering of criminal
23 proceeds. In particular, in cases where the only
24 criminal violation under current law is a reporting
25 offense, the law does not adequately provide for the



1 confiscation of smuggled currency. In contrast, if the
2 smuggling of bulk cash were itself an offense, the
3 cash could be confiscated as the corpus delicti of the
4 smuggling offense.

5 (b) PURPOSES.—The purposes of this section are—

6 (1) to make the act of smuggling bulk cash
7 itself a criminal offense;

8 (2) to authorize forfeiture of any cash or instru-
9 ments of the smuggling offense;

10 (3) to emphasize the seriousness of the act of
11 bulk cash smuggling; and

12 (4) to prescribe guidelines for determining the
13 amount of property subject to such forfeiture in var-
14 ious situations.

15 (c) ENACTMENT OF BULK CASH SMUGGLING OF-
16 FENSE.—Subchapter II of chapter 53 of title 31, United
17 States Code, is amended by adding at the end the fol-
18 lowing:

19 **“§ 5331. Bulk cash smuggling into or out of the**
20 **United States**

21 **“(a) CRIMINAL OFFENSE.—**

22 **“(1) IN GENERAL.—**Whoever, with the intent to
23 evade a currency reporting requirement under sec-
24 tion 5316, knowingly conceals more than \$10,000 in
25 currency or other monetary instruments on the per-



1 son of such individual or in any conveyance, article
2 of luggage, merchandise, or other container, and
3 transports or transfers or attempts to transport or
4 transfer such currency or monetary instruments
5 from a place within the United States to a place out-
6 side of the United States, or from a place outside
7 the United States to a place within the United
8 States, shall be guilty of a currency smuggling of-
9 fense and subject to punishment pursuant to sub-
10 section (b).

11 “(2) CONCEALMENT ON PERSON.—For pur-
12 poses of this section, the concealment of currency on
13 the person of any individual includes concealment in
14 any article of clothing worn by the individual or in
15 any luggage, backpack, or other container worn or
16 carried by such individual.

17 “(b) PENALTY.—

18 “(1) TERM OF IMPRISONMENT.—A person con-
19 victed of a currency smuggling offense under sub-
20 section (a), or a conspiracy to commit such offense,
21 shall be imprisoned for not more than 5 years.

22 “(2) FORFEITURE.—In addition, the court, in
23 imposing sentence under paragraph (1), shall order
24 that the defendant forfeit to the United States, any
25 property, real or personal, involved in the offense,



1 and any property traceable to such property, subject
2 to subsection (d) of this section.

3 “(3) PROCEDURE.—The seizure, restraint, and
4 forfeiture of property under this section shall be gov-
5 erned by section 413 of the Controlled Substances
6 Act.

7 “(4) PERSONAL MONEY JUDGMENT.—If the
8 property subject to forfeiture under paragraph (2) is
9 unavailable, and the defendant has insufficient sub-
10 stitute property that may be forfeited pursuant to
11 section 413(p) of the Controlled Substances Act, the
12 court shall enter a personal money judgment against
13 the defendant for the amount that would be subject
14 to forfeiture.

15 “(c) CIVIL FORFEITURE.—

16 “(1) IN GENERAL.—Any property involved in a
17 violation of subsection (a), or a conspiracy to com-
18 mit such violation, and any property traceable to
19 such violation or conspiracy, may be seized and, sub-
20 ject to subsection (d) of this section, forfeited to the
21 United States.

22 “(2) PROCEDURE.—The seizure and forfeiture
23 shall be governed by the procedures governing civil
24 forfeitures in money laundering cases pursuant to
25 section 981(a)(1)(A) of title 18, United States Code.



1 “(3) TREATMENT OF CERTAIN PROPERTY AS
2 INVOLVED IN THE OFFENSE.—For purposes of this
3 subsection and subsection (b), any currency or other
4 monetary instrument that is concealed or intended
5 to be concealed in violation of subsection (a) or a
6 conspiracy to commit such violation, any article, con-
7 tainer, or conveyance used, or intended to be used,
8 to conceal or transport the currency or other mone-
9 tary instrument, and any other property used, or in-
10 tended to be used, to facilitate the offense, shall be
11 considered property involved in the offense.

12 “(d) PROPORTIONALITY OF FORFEITURE.—

13 “(1) IN GENERAL.—Upon a showing by the
14 property owner by a preponderance of the evidence
15 that the currency or monetary instruments involved
16 in the offense giving rise to the forfeiture were de-
17 rived from a legitimate source, and were intended
18 for a lawful purpose, the court shall reduce the for-
19 feiture to the maximum amount that is not grossly
20 disproportional to the gravity of the offense.

21 “(2) FACTORS TO BE CONSIDERED.—In deter-
22 mining the amount of the forfeiture, the court shall
23 consider all aggravating and mitigating facts and
24 circumstances that have a bearing on the gravity of
25 the offense, including the following:



1 “(A) The value of the currency or other
2 monetary instruments involved in the offense.

3 “(B) Efforts by the person committing the
4 offense to structure currency transactions, con-
5 ceal property, or otherwise obstruct justice.

6 “(C) Whether the offense is part of a pat-
7 tern of repeated violations of Federal law.”.

8 (c) CLERICAL AMENDMENT.—The table of sections
9 for subchapter II of chapter 53 of title 31, United States
10 Code, is amended by inserting after the item relating to
11 section 5330, the following new item:

 “5331. Bulk cash smuggling into or out of the United States.”.

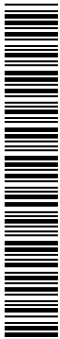
12 **SEC. 102. FORFEITURE IN CURRENCY REPORTING CASES.**

13 (a) IN GENERAL.—Subsection (c) of section 5317 of
14 title 31, United States Code, is amended to read as fol-
15 lows:

16 “(c) FORFEITURE.—

17 “(1) IN GENERAL.—The court in imposing sen-
18 tence for any violation of section 5313, 5316, or
19 5324 of this title, or section 6050I of the Internal
20 Revenue Code of 1986, or any conspiracy to commit
21 such violation, shall order the defendant to forfeit all
22 property, real or personal, involved in the offense
23 and any property traceable thereto.

24 “(2) PROCEDURE.—Forfeitures under this sub-
25 section shall be governed by the procedures estab-



1 lished in section 413 of the Controlled Substances
2 Act and the guidelines established in paragraph (4).

3 “(3) CIVIL FORFEITURE.—Any property in-
4 volved in a violation of section 5313, 5316, or 5324
5 of this title, or section 6050I of the Internal Rev-
6 enue Code of 1986, or any conspiracy to commit any
7 such violation, and any property traceable to any
8 such violation or conspiracy, may be seized and, sub-
9 ject to paragraph (4), forfeited to the United States
10 in accordance with the procedures governing civil
11 forfeitures in money laundering cases pursuant to
12 section 981(a)(1)(A) of title 18, United States Code.

13 “(4) PROPORTIONALITY OF FORFEITURE.—

14 “(A) IN GENERAL.—Upon a showing by
15 the property owner by a preponderance of the
16 evidence that any currency or monetary instru-
17 ments involved in the offense giving rise to the
18 forfeiture were derived from a legitimate source,
19 and were intended for a lawful purpose, the
20 court shall reduce the forfeiture to the max-
21 imum amount that is not grossly dispropor-
22 tional to the gravity of the offense.

23 “(B) FACTORS TO BE CONSIDERED.—In
24 determining the amount of the forfeiture, the
25 court shall consider all aggravating and miti-



1 gating facts and circumstances that have a
2 bearing on the gravity of the offense, including
3 the following:

4 “(i) The value of the currency or
5 other monetary instruments involved in the
6 offense.

7 “(ii) Efforts by the person committing
8 the offense to structure currency trans-
9 actions, conceal property, or otherwise ob-
10 struct justice.

11 “(iii) Whether the offense is part of a
12 pattern of repeated violations of Federal
13 law.”.

14 (b) CONFORMING AMENDMENTS.—(1) Section
15 981(a)(1)(A) of title 18, United States Code, is amended
16 by striking “of section 5313(a) or 5324(a) of title 31, or”.

17 (2) Section 982(a)(1) of title 18, United States Code,
18 is amended by striking “of 5313(a), 5316, or 5324 of title
19 31, or”.

20 **SEC. 103. INTERSTATE CURRENCY COURIERS.**

21 Section 1957 of title 18, United States Code, is
22 amended by adding at the end the following new sub-
23 section:

24 “(g) Any person who conceals more than \$10,000 in
25 currency on his or her person, in any vehicle, in any com-



1 partment or container within any vehicle, or in any con-
2 tainer placed in a common carrier, and transports, at-
3 tempts to transport, or conspires to transport such cur-
4 rency in interstate commerce on any public road or high-
5 way or on any bus, train, airplane, vessel, or other com-
6 mon carrier, knowing that the currency was derived from
7 some form of unlawful activity, or knowing that the cur-
8 rency was intended to be used to promote some form of
9 unlawful activity, shall be punished as provided in sub-
10 section (b). The defendant's knowledge may be established
11 by proof that the defendant was willfully blind to the
12 source or intended use of the currency. For purposes of
13 this subsection, the concealment of currency on the person
14 of any individual includes concealment in any article of
15 clothing worn by the individual or in any luggage, back-
16 pack, or other container worn or carried by such indi-
17 vidual.”.

18 **SEC. 104. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

19 (a) SCIENTER REQUIREMENT FOR SECTION 1960
20 VIOLATION.—Section 1960 of title 18, United States
21 Code, is amended to read as follows:

22 **“§ 1960. Prohibition of unlicensed money transmit-**
23 **ting businesses**

24 “(a) Whoever knowingly conducts, controls, manages,
25 supervises, directs, or owns all or part of an unlicensed



1 money transmitting business, shall be fined in accordance
2 with this title or imprisoned not more than 5 years, or
3 both.

4 “(b) As used in this section—

5 “(1) the term ‘unlicensed money transmitting
6 business’ means a money transmitting business
7 which affects interstate or foreign commerce in any
8 manner or degree and—

9 “(A) is operated without an appropriate
10 money transmitting license in a State where
11 such operation is punishable as a misdemeanor
12 or a felony under State law, whether or not the
13 defendant knew that the operation was required
14 to be licensed or that the operation was so pun-
15 ishable;

16 “(B) fails to comply with the money trans-
17 mitting business registration requirements
18 under section 5330 of title 31, United States
19 Code, or regulations prescribed under such sec-
20 tion; or

21 “(C) otherwise involves the transportation
22 or transmission of funds that are known to the
23 defendant to have been derived from a criminal
24 offense or are intended to be used to be used
25 to promote or support unlawful activity;



1 “(2) the term ‘money transmitting’ includes
2 transferring funds on behalf of the public by any
3 and all means including but not limited to transfers
4 within this country or to locations abroad by wire,
5 check, draft, facsimile, or courier; and

6 “(3) the term ‘State’ means any State of the
7 United States, the District of Columbia, the North-
8 ern Mariana Islands, and any commonwealth, terri-
9 tory, or possession of the United States.”.

10 (b) SEIZURE OF ILLEGALLY TRANSMITTED
11 FUNDS.—Section 981(a)(1)(A) of title 18, United States
12 Code, is amended by striking “or 1957” and inserting “,
13 1957 or 1960”.

14 **SEC. 105. LONG-ARM JURISDICTION OVER FOREIGN MONEY**
15 **LAUNDERERS.**

16 Section 1956(b) of title 18, United States Code, is
17 amended—

18 (1) by striking “(b) Whoever” and inserting
19 “(b)(1) Whoever”;

20 (2) by redesignating paragraphs (1) and (2) as
21 subparagraphs (A) and (B), respectively;

22 (3) by striking “subsection (a)(1) or (a)(3),”
23 and inserting “subsection (a)(1) or (a)(3)(2) or sec-
24 tion 1957,”; and



1 (4) by adding at the end the following new
2 paragraph:

3 “(2) For purposes of adjudicating an action
4 filed or enforcing a penalty ordered under this sec-
5 tion, the district courts shall have jurisdiction over
6 any foreign person, including any financial institu-
7 tion authorized under the laws of a foreign country,
8 against whom the action is brought, if—

9 “(A) service of process upon such foreign
10 person is made under the Federal Rules of Civil
11 Procedure or the laws of the country where the
12 foreign person is found; and

13 “(B) the foreign person—

14 “(i) commits an offense under sub-
15 section (a) involving a financial transaction
16 that occurs in whole or in part in the
17 United States;

18 “(ii) converts to such person’s own
19 use property in which the United States
20 has an ownership interest by virtue of the
21 entry of an order of forfeiture by a court
22 of the United States; or

23 “(iii) is a financial institution that
24 maintains a correspondent bank account at
25 a financial institution in the United States.



1 “(3) The court may issue a pretrial restraining
2 order or take any other action necessary to ensure
3 that any bank account or other property held by the
4 defendant in the United States is available to satisfy
5 a judgment under this section.”.

6 **SEC. 106. LAUNDERING MONEY THROUGH A FOREIGN**
7 **BANK.**

8 Section 1956(c)(6) of title 18, United States Code,
9 is amended to read as follows:

10 “(6) the term ‘financial institution’ includes any
11 financial institution described in section 5312(a)(2)
12 of title 31, United States Code, or the regulations
13 promulgated thereunder, as well as any foreign
14 bank, as defined in paragraph (7) of section 1(b) of
15 the International Banking Act of 1978 (12 U.S.C.
16 3101(7)).”.

17 **SEC. 107. SPECIFIED UNLAWFUL ACTIVITY FOR MONEY**
18 **LAUNDERING.**

19 Section 1956(c)(7) of title 18, United States Code,
20 is amended—

21 (1) in subparagraph (B)—

22 (A) by striking clause (ii) and inserting the
23 following new clause:



1 “(ii) any act or acts constituting a
2 crime of violence, as defined in Section 16
3 of this title;”; and

4 (B) by inserting after clause (iii) the fol-
5 lowing new clauses:

6 “(iv) bribery of a public official, or
7 the misappropriation, theft, or embezzle-
8 ment of public funds by or for the benefit
9 of a public official;

10 “(v) smuggling or export control viola-
11 tions involving munitions listed in the
12 United States Munitions List or tech-
13 nologies with military applications as de-
14 fined in the Commerce Control List of the
15 Export Administration Regulations; or

16 “(vi) an offense with respect to which
17 the United States would be obligated by a
18 bilateral treaty either to extradite the al-
19 leged offender or to submit the case for
20 prosecution, if the offender were found
21 within the territory of the United States.”;

22 and

23 (2) in subparagraph (D)—

24 (A) by inserting “section 541 (relating to
25 goods falsely classified),” before “section 542”;



1 (B) by inserting “section 922(1) (relating
2 to the unlawful importation of firearms), sec-
3 tion 924(n) (relating to firearms trafficking),”
4 before “section 956”;

5 (C) by inserting “section 1030 (relating to
6 computer fraud and abuse),” before “1032”;

7 (D) by inserting “any felony violation of
8 the Foreign Agents Registration Act of 1938,
9 as amended,” before “or any felony violation of
10 the Foreign Corrupt Practices Act”; and

11 (E) by striking “fraud in the sale of secu-
12 rities” and inserting “fraud in the purchase or
13 sale of securities”.

14 **SEC. 108. LAUNDERING THE PROCEEDS OF TERRORISM.**

15 Section 1956(c)(7)(D) of title 18, United States
16 Code, is amended by inserting “or 2339B” after “2339A”.

17 **SEC. 109. VIOLATIONS OF REPORTING REQUIREMENTS FOR**
18 **NONFINANCIAL TRADES AND BUSINESS.**

19 (a) **CIVIL FORFEITURE.**—Section 981(a)(1)(A) of
20 title 18, United States Code, is amended by inserting “sec-
21 tion 6050I of the Internal Revenue Code of 1986, or”
22 after “in violation of”.

23 (b) **CRIMINAL FORFEITURE.**—Section 982(a)(1) of
24 title 18, United States Code, is amended by inserting “sec-



1 tion 6050I of the Internal Revenue Code of 1986, or”
2 after “in violation of”.

3 **SEC. 110. PROCEEDS OF FOREIGN CRIMES.**

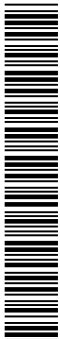
4 Section 981(a)(1)(B) of title 18, United States Code,
5 is amended to read as follows:

6 “(B) Any property, real or personal, within
7 the jurisdiction of the United States, consti-
8 tuting, derived from, or traceable to, any pro-
9 ceeds obtained directly or indirectly from an of-
10 fense against a foreign nation, or any property
11 used to facilitate such offense, if—

12 “(i) the offense involves the manufac-
13 ture, importation, sale, or distribution of a
14 controlled substance (as such term is de-
15 fined for the purposes of the Controlled
16 Substances Act), or any other conduct de-
17 scribed in section 1956(c)(7)(B),

18 “(ii) the offense would be punishable
19 within the jurisdiction of the foreign nation
20 by death or imprisonment for a term ex-
21 ceeding one year, and

22 “(iii) the offense would be punishable
23 under the laws of the United States by im-
24 prisonment for a term exceeding one year
25 if the act or activity constituting the of-



1 fense had occurred within the jurisdiction
2 of the United States.”.

3 **SEC. 111. AVAILABILITY OF REPORTS RELATING TO COINS**
4 **AND CURRENCY RECEIVED IN NON-**
5 **FINANCIAL TRADE OR BUSINESS.**

6 (a) ACTION REQUIRED.—Before the end of the 6-
7 month period beginning on the date of the enactment of
8 this Act, the Secretary of the Treasury shall take such
9 action and establish such procedures as may be necessary
10 and appropriate to make the information contained on re-
11 turns filed under section 6050I of the Internal Revenue
12 Code of 1986 available through the Financial Crimes En-
13 forcement Network to government agencies in accordance
14 with subsections (l)(15) and (p)(4) of section 6103 of such
15 Code and other applicable laws.

16 (b) REPORT.—The Secretary of the Treasury shall
17 submit a report to the Congress within 15 days after the
18 end of the 6-month period described in subsection (a) con-
19 taining a description of the actions of the Secretary pursu-
20 ant to such subsection, together with such recommenda-
21 tions for legislative and administrative action as the Sec-
22 retary may determine to be appropriate to achieve the goal
23 described in such subsection.



1 **SEC. 112. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC**
2 **TARGETING ORDERS AND CERTAIN RECORD**
3 **KEEPING REQUIREMENTS.**

4 (a) CIVIL PENALTY FOR VIOLATION OF TARGETING
5 ORDER.—Section 5321(a)(1) of title 31, United States
6 Code, is amended—

7 (1) by inserting “or order issued” after “sub-
8 chapter or a regulation prescribed”; and

9 (2) by inserting “, or willfully violating a regu-
10 lation prescribed under section 21 of the Federal
11 Deposit Insurance Act or section 123 of Public Law
12 91–508,” after “section 5314 and 5315”).

13 (b) CRIMINAL PENALTIES FOR VIOLATION OF TAR-
14 GETING ORDER.—

15 Section 5322 of title 31, United States Code, is
16 amended—

17 (1) in subsection (a)—

18 (A) by inserting “or order issued” after
19 “willfully violating this subchapter or a regula-
20 tion prescribed”; and

21 (B) by inserting “or willfully violating a
22 regulation prescribed under section 21 of the
23 Federal Deposit Insurance Act or section 123
24 of Public Law 91–508,” after “under section
25 5315 or 5324),”;

26 (2) in subsection (b)—



1 (A) by inserting “or order issued” after
2 “willfully violating this subchapter or a regula-
3 tion prescribed”; and

4 (B) by inserting “willfully violating a regu-
5 lation prescribed under section 21 of the Fed-
6 eral Deposit Insurance Act or section 123 of
7 Public Law 91–508,” after “under section 5315
8 or 5324),”;

9 (c) STRUCTURING TRANSACTIONS TO EVADE TAR-
10 GETING ORDER OR CERTAIN RECORD KEEPING REQUIRE-
11 MENTS.—Section 5324(a) of title 31, United States Code,
12 is amended—

13 (1) by inserting a comma after “shall”;

14 (2) by striking “section—” and inserting “sec-
15 tion, the reporting requirements imposed by any
16 order issued under section 5326, or the record keep-
17 ing requirements imposed by any regulation pre-
18 scribed under section 21 of the Federal Deposit In-
19 surance Act or section 123 of Public Law 91–508—
20 ”; and

21 (3) in paragraphs (1) and (2), by inserting “,
22 to file a report required by any order issued under
23 section 5326, or to maintain a record required pur-
24 suant to any regulation prescribed under section 21
25 of the Federal Deposit Insurance Act or section 123



1 of Public Law 91–508” after “regulation prescribed
2 under any such section” each place that term ap-
3 pears.

4 (d) INCREASE IN CIVIL PENALTIES FOR VIOLATION
5 OF CERTAIN RECORD KEEPING REQUIREMENTS.—

6 (1) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
7 tion 21(j)(1) of the Federal Deposit Insurance Act
8 (12 U.S.C. 1829b(j)(1)) is amended by striking
9 “\$10,000” and inserting “the greater of—

10 “(A) the amount (not to exceed \$100,000)
11 involved in the transaction (if any) with respect
12 to which the violation occurred; or

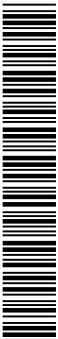
13 “(B) \$25,000”.

14 (2) PUBLIC LAW 91–508.—Section 125(a) of
15 Public Law 91–508 (12 U.S.C. 1955(a)) is amended
16 by striking “\$10,000” and inserting “the greater
17 of—

18 “(1) the amount (not to exceed \$100,000) in-
19 volved in the transaction (if any) with respect to
20 which the violation occurred; or

21 “(2) \$25,000”.

22 (e) CRIMINAL PENALTIES FOR VIOLATION OF CER-
23 TAIN RECORD KEEPING REQUIREMENTS.—



1 (1) SECTION 126.—Section 126 of Public Law
2 91–508 (12 U.S.C. 1956) is amended to read as fol-
3 lows:

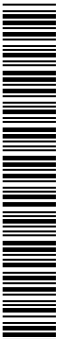
4 **“SEC. 126. CRIMINAL PENALTY.**

5 “A person that willfully violates this chapter, section
6 21 of the Federal Deposit Insurance Act, or a regulation
7 prescribed under this chapter or that section 21, shall be
8 fined not more than \$250,000, or imprisoned for not more
9 than 5 years, or both.”.

10 (2) SECTION 127.—Section 127 of Public Law
11 91–508 (12 U.S.C. 1957) is amended to read as fol-
12 lows:

13 **“SEC. 127. ADDITIONAL CRIMINAL PENALTY IN CERTAIN**
14 **CASES.**

15 “A person that willfully violates this chapter, section
16 21 of the Federal Deposit Insurance Act, or a regulation
17 prescribed under this chapter or that section 21, while vio-
18 lating another law of the United States or as part of a
19 pattern of any illegal activity involving more than
20 \$100,000 in a 12-month period, shall be fined not more
21 than \$500,000, imprisoned for not more than 10 years,
22 or both.”.



1 **SEC. 113. EXCLUSION OF ALIENS INVOLVED IN MONEY**
2 **LAUNDERING.**

3 (a) IN GENERAL.—Section 212 of the Immigration
4 and Nationality Act of 1952, as amended (8 U.S.C. 1182),
5 is amended in subsection (a)(2)—

6 (1) by redesignating subparagraphs (D), (E)
7 and (F) as subparagraphs (F), (G) and (I), respec-
8 tively; and

9 (2) by inserting after subparagraph (C) new
10 subparagraphs (D) and (E) to read as follows:

11 “(D) MONEY LAUNDERING ACTIVITIES.—

12 “(i) IN GENERAL.—Any alien who the
13 consular officer or the Attorney General
14 knows or has reason to believe is or has
15 been engaged in activities which if engaged
16 in within the United States would con-
17 stitute a violation of the money laundering
18 provisions section 1956, 1957, or 1960 of
19 title 18, United States Code, or has know-
20 ingly assisted, abetted, or conspired or
21 colluded with others in any such illicit ac-
22 tivity is inadmissible.

23 “(ii) RELATED INDIVIDUALS.—Any
24 alien who the consular officer or the Attor-
25 ney General knows or has reason to believe
26 is the spouse, son, or daughter of an alien



1 inadmissible under clause (i), has, within
2 the previous 5 years, obtained any finan-
3 cial or other benefit from such illicit activ-
4 ity of that alien, and knew or reasonably
5 should have known that the financial or
6 other benefit was the product of such illicit
7 activity, is inadmissible, except that the
8 Attorney General may, in the full discre-
9 tion of the Attorney General, waive the ex-
10 clusion of the spouse, son, or daughter of
11 an alien under this clause if the Attorney
12 General determines that exceptional cir-
13 cumstances exist that justify such waiver.

14 (b) CONFORMING AMENDMENT.—Section
15 212(h)(1)(A)(i) of the Immigration and Nationality Act
16 of 1952, as amended (8 U.S.C. 1182), is amended by
17 striking “(D)(i) or (D)(ii)” and inserting “(E)(i) or
18 (E)(ii)”.

19 **SEC. 114. STANDING TO CONTEST FORFEITURE OF FUNDS**
20 **DEPOSITED INTO FOREIGN BANK THAT HAS A**
21 **CORRESPONDENT ACCOUNT IN THE UNITED**
22 **STATES.**

23 Section 981 of title 18, United States Code, is
24 amended by adding the following after the last subsection:

25 “(k) CORRESPONDENT BANK ACCOUNTS.—



1 “(1) TREATMENT OF ACCOUNTS OF COR-
2 RESPONDENT BANK IN DOMESTIC FINANCIAL INSTI-
3 TUTIONS.—

4 “(A) IN GENERAL.—For the purpose of a
5 forfeiture under this section or under the Con-
6 trolled Substances Act, if funds are deposited
7 into a dollar-denominated bank account in a
8 foreign financial institution, and that foreign fi-
9 nancial institution has a correspondent account
10 with a financial institution in the United
11 States, the funds deposited into the foreign fi-
12 nancial institution (the respondent bank) shall
13 be deemed to have been deposited into the cor-
14 respondent account in the United States, and
15 any restraining order, seizure warrant, or arrest
16 warrant in rem regarding such funds may be
17 served on the correspondent bank, and funds in
18 the correspondent account up to the value of
19 the funds deposited into the dollar-denominated
20 account in the foreign financial institution may
21 be seized, arrested or restrained.

22 “(B) AUTHORITY TO SUSPEND.—The At-
23 torney General, in consultation with the Sec-
24 retary, may suspend or terminate a forfeiture
25 under this section if the Attorney General de-



1 termines that a conflict of law exists between
2 the laws of the jurisdiction in which the foreign
3 bank is located and the laws of the United
4 States with respect to liabilities arising from
5 the restraint, seizure, or arrest of such funds,
6 and that such suspension or termination would
7 be in the interest of justice and would not harm
8 the national interests of the United States.

9 “(2) NO REQUIREMENT FOR GOVERNMENT TO
10 TRACE FUNDS.—If a forfeiture action is brought
11 against funds that are restrained, seized, or arrested
12 under paragraph (1), the Government shall not be
13 required to establish that such funds are directly
14 traceable to the funds that were deposited into the
15 respondent bank, nor shall it be necessary for the
16 Government to rely on the application of Section
17 984 of this title.

18 “(3) CLAIMS BROUGHT BY OWNER OF THE
19 FUNDS.—If a forfeiture action is instituted against
20 funds seized, arrested, or restrained under para-
21 graph (1), the owner of the funds may contest the
22 forfeiture by filing a claim pursuant to section 983.

23 “(4) DEFINITIONS.—For purposes of this sub-
24 section, the following definitions shall apply:



1 “(A) CORRESPONDENT ACCOUNT.—The
2 term ‘correspondent account’ has the meaning
3 given to the term ‘interbank account’ in section
4 984(c)(2)(B).

5 “(B) OWNER.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), the term ‘owner’—

8 “(I) means the person who was
9 the owner, as that term is defined in
10 section 983(d)(6), of the funds that
11 were deposited into the foreign bank
12 at the time such funds were deposited;
13 and

14 “(II) does not include either the
15 foreign bank or any financial institu-
16 tion acting as an intermediary in the
17 transfer of the funds into the inter-
18 bank account.

19 “(ii) EXCEPTION.—The foreign bank
20 may be considered the ‘owner’ of the funds
21 (and no other person shall qualify as the
22 owner of such funds) only if—

23 “(I) the basis for the forfeiture
24 action is wrongdoing committed by
25 the foreign bank; or



1 “(II) the foreign bank estab-
2 lishes, by a preponderance of the evi-
3 dence, that prior to the restraint, sei-
4 zure, or arrest of the funds, the for-
5 eign bank had discharged all or part
6 of its obligation to the prior owner of
7 the funds, in which case the foreign
8 bank shall be deemed the owner of the
9 funds to the extent of such discharged
10 obligation.”.

11 **SEC. 115. SUBPOENAS FOR RECORDS REGARDING FUNDS**
12 **IN CORRESPONDENT BANK ACCOUNTS.**

13 (a) IN GENERAL.—Chapter 53 of title 31, United
14 States Code, is amended by adding at the end the fol-
15 lowing new section:

16 **“SEC. 5332. SUBPOENAS FOR RECORDS.**

17 “(a) DESIGNATION BY FOREIGN FINANCIAL INSTI-
18 TUTION OF AGENT.—Any foreign financial institution that
19 has a correspondent bank account at a financial institu-
20 tion in the United States shall designate a person residing
21 in the United States as a person authorized to accept a
22 subpoena for bank records or other legal process served
23 on the foreign financial institution.

24 “(b) MAINTENANCE OF RECORDS BY DOMESTIC FI-
25 NANCIAL INSTITUTION.—



1 “(1) IN GENERAL.—Any domestic financial in-
2 stitution that maintains a correspondent bank ac-
3 count for a foreign financial institution shall main-
4 tain records regarding the names and addresses of
5 the owners of the foreign financial institution, and
6 the name and address of the person who may be
7 served with a subpoena for records regarding any
8 funds transferred to or from the correspondent ac-
9 count.

10 “(2) PROVISION TO LAW ENFORCEMENT AGEN-
11 CY.—A domestic financial institution shall provide
12 names and addresses maintained under paragraph
13 (1) to a Government authority (as defined in section
14 1101(3) of the Right to Financial Privacy Act of
15 1978) within 7 days of the receipt of a request, in
16 writing, for such records.

17 “(c) ADMINISTRATIVE SUBPOENA.—

18 “(1) IN GENERAL.—The Attorney General may
19 issue an administrative subpoena for records relating
20 to the deposit of any funds into a dollar-denomi-
21 nated account in a foreign financial institution that
22 maintains a correspondent account at a domestic fi-
23 nancial institution.

24 “(2) MANNER OF ISSUANCE.—Any subpoena
25 issued by the Attorney General under paragraph (1)



1 shall be issued in the manner described in section
2 3486 of this title, and may be served on the rep-
3 resentative designated by the foreign financial insti-
4 tution pursuant to subsection (a) to accept legal
5 process in the United States, or in a foreign country
6 pursuant to any mutual legal assistance treaty, mul-
7 tilateral agreement, or other request for inter-
8 national law enforcement assistance.

9 “(d) CORRESPONDENT ACCOUNT DEFINED.—For
10 purposes of this section, the term “correspondent ac-
11 count” has the same meaning as the term “interbank ac-
12 count” as such term is defined in section 984(c)(2)(B) of
13 title 18, United States Code.”.

14 (b) CLERICAL AMENDMENTS.—The table of sections
15 for chapter 53 of title 31, United States Code, is amended
16 by inserting after the item relating to section 5331 the
17 following new item:

“5332. Subpoenas for records.”.

18 (c) EFFECTIVE DATE.—Section 5332(a) of title 31,
19 United States Code, (as added by subsection (a) of this
20 section shall apply after the end of the 30-day period be-
21 ginning on the date of the enactment of this Act.

22 (d) REQUESTS FOR RECORDS.—Section 3486(a)(1)
23 of title 18, United States Code, is amended by striking
24 “, or (II) a Federal offense involving the sexual exploi-
25 tation or abuse of children,” and inserting “,(II) a Federal



1 offense involving the sexual exploitation or abuse of chil-
2 dren, or (III) a money laundering offense in violation of
3 section 1956, 1957 or 1960 of this title,”.

4 **SEC. 116. AUTHORITY TO ORDER CONVICTED CRIMINAL TO**
5 **RETURN PROPERTY LOCATED ABROAD.**

6 (a) FORFEITURE OF SUBSTITUTE PROPERTY.—Sec-
7 tion 413(p) of the Controlled Substances Act (21 U.S.C.
8 853) is amended to read as follows:

9 “(p) FORFEITURE OF SUBSTITUTE PROPERTY.—

10 “(1) IN GENERAL.—Paragraph (2) of this sub-
11 section shall apply, if any property described in sub-
12 section (a), as a result of any act or omission of the
13 defendant—

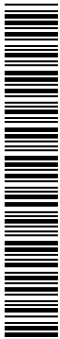
14 “(A) cannot be located upon the exercise of
15 due diligence;

16 “(B) has been transferred or sold to, or
17 deposited with, a third party;

18 “(C) has been placed beyond the jurisdic-
19 tion of the court;

20 “(D) has been substantially diminished in
21 value; or

22 “(E) has been commingled with other
23 property which cannot be divided without dif-
24 ficulty.



1 “(2) SUBSTITUTE PROPERTY.—In any case de-
2 scribed in any of subparagraphs (A) through (E) of
3 paragraph (1), the court shall order the forfeiture of
4 any other property of the defendant, up to the value
5 of any property described in subparagraphs (A)
6 through (E) of paragraph (1), as applicable.

7 “(3) RETURN OF PROPERTY TO JURISDIC-
8 TION.—In the case of property described in para-
9 graph (1)(C), the court may, in addition to any
10 other action authorized by this subsection, order the
11 defendant to return the property to the jurisdiction
12 of the court so that the property may be seized and
13 forfeited.”.

14 (b) PROTECTIVE ORDERS.—Section 413(e) of the
15 Controlled Substances Act (21 U.S.C. 853(e)) is amended
16 by adding at the end the following:

17 “(4) ORDER TO REPATRIATE AND DEPOSIT.—

18 “(A) IN GENERAL.—Pursuant to its au-
19 thority to enter a pretrial restraining order
20 under this section, including its authority to re-
21 strain any property forfeitable as substitute as-
22 sets, the court may order a defendant to repa-
23 triate any property that may be seized and for-
24 feited, and to deposit that property pending
25 trial in the registry of the court, or with the



1 United States Marshals Service or the Sec-
2 retary of the Treasury, in an interest-bearing
3 account, if appropriate.

4 “(B) FAILURE TO COMPLY.—Failure to
5 comply with an order under this subsection, or
6 an order to repatriate property under sub-
7 section (p), shall be punishable as a civil or
8 criminal contempt of court, and may also result
9 in an enhancement of the sentence of the de-
10 fendant under the obstruction of justice provi-
11 sion of the Federal Sentencing Guidelines.”.

12 **SEC. 117. CORPORATION REPRESENTED BY A FUGITIVE.**

13 Section 2466 of title 28, United States Code, is
14 amended by designating the present matter as subsection
15 (a), and adding at the end the following:

16 “(b) Subsection (a) may be applied to a claim filed
17 by a corporation if any majority shareholder, or individual
18 filing the claim on behalf of the corporation is a person
19 to whom subsection (a) applies.”.

20 **SEC. 118. ENFORCEMENT OF FOREIGN JUDGMENTS.**

21 Section 2467 of title 28, United States Code, is
22 amended—

23 (1) in subsection (d), by inserting after para-
24 graph (2) the following new paragraph:



1 “(3) PRESERVATION OF PROPERTY.—To pre-
2 serve the availability of property subject to a foreign
3 forfeiture or confiscation judgment, the Government
4 may apply for, and the court may issue, a restrain-
5 ing order pursuant to section 983(j) of title 18,
6 United States Code, at any time before or after an
7 application is filed pursuant to subsection (c)(1).
8 The court, in issuing the restraining order—

9 “(A) may rely on information set forth in
10 an affidavit describing the nature of the pro-
11 ceeding or investigation underway in the foreign
12 country, and setting forth a reasonable basis to
13 believe that the property to be restrained will be
14 named in a judgment of forfeiture at the con-
15 clusion of such proceeding; or

16 “(B) may register and enforce a restrain-
17 ing order that has been issued by a court of
18 competent jurisdiction in the foreign country
19 and certified by the Attorney General pursuant
20 to subsection (b)(2).

21 No person may object to the restraining order on
22 any ground that is the subject of parallel litigation
23 involving the same property that is pending in a for-
24 eign court.”;



1 (2) in subsection (b)(1)(C), by striking “estab-
2 lishing that the defendant received notice of the pro-
3 ceedings in sufficient time to enable the defendant”
4 and inserting “establishing that the foreign nation
5 took steps, in accordance with the principles of due
6 process, to give notice of the proceedings to all per-
7 sons with an interest in the property in sufficient
8 time to enable such persons”;

9 (3) in subsection (d)(1)(D), by striking “the de-
10 fendant in the proceedings in the foreign court did
11 not receive notice” and inserting “the foreign nation
12 did not take steps, in accordance with the principles
13 of due process, to give notice of the proceedings to
14 a person with an interest in the property”; and

15 (4) in subsection (a)(2)(A), by inserting “, any
16 violation of foreign law that would constitute a viola-
17 tion of an offense for which property could be for-
18 feited under Federal law if the offense were com-
19 mitted in the United States” after “United Nations
20 Convention”.

21 **SEC. 119. REPORTING PROVISIONS AND ANTI-TERRORIST**
22 **ACTIVITIES OF UNITED STATES INTEL-**
23 **LIGENCE AGENCIES.**

24 (a) AMENDMENT RELATING TO THE PURPOSES OF
25 CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—Sec-



tion 5311 of title 31, United States Code, is amended by inserting before the period at the end the following: “, or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism”.

(b) AMENDMENT RELATING TO REPORTING OF SUSPICIOUS ACTIVITIES.—Section 5318(g)(4)(B) of title 31, United States Code, is amended by striking “or supervisory agency” and inserting “, supervisory agency, or United States intelligence agency for use in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism”.

(c) AMENDMENT RELATING TO AVAILABILITY OF REPORTS.—Section 5319 of title 31, United States Code, is amended to read as follows:

“§ 5319. Availability of reports

“The Secretary of the Treasury shall make information in a report filed under this subchapter available to an agency, including any State financial institutions supervisory agency or United States intelligence agency, upon request of the head of the agency. The report shall be available for a purpose that is consistent with this subchapter. The Secretary may only require reports on the use of such information by any State financial institutions supervisory agency for other than supervisory purposes or



1 by United States intelligence agencies. However, a report
2 and records of reports are exempt from disclosure under
3 section 552 of title 5.”.

4 (d) AMENDMENTS TO THE RIGHT TO FINANCIAL
5 PRIVACY ACT.—The Right to Financial Privacy Act of
6 1978 is amended—

7 (1) in section 1112(a) (12 U.S.C. 3412(a)), by
8 inserting “, or intelligence or counterintelligence ac-
9 tivity, investigation or analysis related to inter-
10 national terrorism” after “legitimate law enforce-
11 ment inquiry”;

12 (2) in section 1114(a)(1) (12 U.S.C.
13 3414(a)(1))—

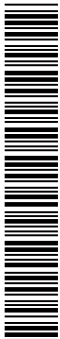
14 (A) in subparagraph (A), by striking “or”
15 at the end;

16 (B) in subparagraph (B), by striking the
17 period at the end and inserting “; or”; and

18 (C) by adding at the end the following:

19 “(C) a Government authority authorized to
20 conduct investigations of, or intelligence or
21 counterintelligence analyses related to, inter-
22 national terrorism for the purpose of con-
23 ducting such investigations or analyses.”; and

24 (3) in section 1120(a)(2) (12 U.S.C.
25 3420(a)(2)), by inserting “, or for a purpose author-



1 ized by section 1112(a)” before the semicolon at the
2 end.

3 (e) AMENDMENT TO THE FAIR CREDIT REPORTING
4 ACT.—

5 (1) IN GENERAL.—The Fair Credit Reporting
6 Act (15 U.S.C. 1681 et seq.) is amended—

7 (A) by redesignating the second of the 2
8 sections designated as section 624 (15 U.S.C.
9 1681u) (relating to disclosure to FBI for coun-
10 terintelligence purposes) as section 625; and

11 (B) by adding at the end the following new
12 section:

13 **“SEC. 626. DISCLOSURES TO GOVERNMENTAL AGENCIES**
14 **FOR COUNTERTERRORISM PURPOSES.**

15 “(a) DISCLOSURE.—Notwithstanding section 604 or
16 any other provision of this title, a consumer reporting
17 agency shall furnish a consumer report of a consumer and
18 all other information in a consumer’s file to a government
19 agency authorized to conduct investigations of, or intel-
20 ligence or counterintelligence activities or analysis related
21 to, international terrorism when presented with a written
22 certification by such government agency that such infor-
23 mation is necessary for the agency’s conduct or such inves-
24 tigation, activity or analysis.

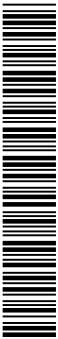


1 “(b) FORM OF CERTIFICATION.—The certification
2 described in subsection (a) shall be signed by the Sec-
3 retary of the Treasury.

4 “(c) CONFIDENTIALITY.—No consumer reporting
5 agency, or officer, employee, or agent of such consumer
6 reporting agency, shall disclose to any person, or specify
7 in any consumer report, that a government agency has
8 sought or obtained access to information under subsection
9 (a).

10 “(d) RULE OF CONSTRUCTION.—Nothing in section
11 625 shall be construed to limit the authority of the Direc-
12 tor of the Federal Bureau of Investigation under this sec-
13 tion.

14 “(e) SAFE HARBOR.—Notwithstanding any other
15 provision of this subchapter, any consumer reporting
16 agency or agent or employee thereof making disclosure of
17 consumer reports or other information pursuant to this
18 section in good-faith reliance upon a certification of a gov-
19 ernmental agency pursuant to the provisions of this sec-
20 tion shall not be liable to any person for such disclosure
21 under this subchapter, the constitution of any State, or
22 any law or regulation of any State or any political subdivi-
23 sion of any State.”.



1 (2) CLERICAL AMENDMENTS.—The table of sec-
2 tions for the Fair Credit Reporting Act (15 U.S.C.
3 1681 et seq.) is amended—

4 (A) by redesignating the second of the 2
5 items designated as section 624 as section 625;
6 and

7 (B) by inserting after the item relating to
8 section 625 (as so redesignated) the following
9 new item:

 “626. Disclosures to governmental agencies for counterterrorism purposes.”.

10 **SEC. 120. FINANCIAL CRIMES ENFORCEMENT NETWORK.**

11 (a) IN GENERAL.—Subchapter I of chapter 3 of title
12 31, United States Code, is amended—

13 (1) by redesignating section 310 as section 311;
14 and

15 (2) by inserting after section 309 the following
16 new section:

17 **“§ 310. Financial Crimes Enforcement Network**

18 “(a) IN GENERAL.—The Financial Crimes Enforce-
19 ment Network established by order of the Secretary of the
20 Treasury (Treasury Order Numbered 105-08) on April
21 25, 1990, shall be a bureau in the Department of the
22 Treasury.

23 “(b) DIRECTOR.—

24 “(1) APPOINTMENT.—The head of the Finan-
25 cial Crimes Enforcement Network shall be the Di-



1 rector who shall be appointed by the President, by
2 and with the consent of the Senate, to a term of 4
3 years.

4 “(2) DUTIES AND POWERS.—The duties and
5 powers of the Director are as follows:

6 “(A) Advise and make recommendations
7 on matters relating to financial intelligence, fi-
8 nancial criminal activities, and other financial
9 activities to the Under Secretary for Enforce-
10 ment.

11 “(B) Maintain a government-wide data ac-
12 cess service, with access, in accordance with ap-
13 plicable legal requirements, to the following:

14 “(i) Information collected by the De-
15 partment of the Treasury, including report
16 information filed under subchapters II and
17 III of chapter 53 of this title (such as re-
18 ports on cash transactions, foreign finan-
19 cial agency transactions and relationships,
20 foreign currency transactions, exporting
21 and importing monetary instruments, and
22 suspicious activities), chapter 2 of Public
23 Law 91–508, section 21 of the Federal De-
24 posit Insurance Act and section 6050I of
25 the Internal Revenue Code of 1986.



1 “(ii) Information regarding national
2 and international currency flows.

3 “(iii) Other records and data main-
4 tained by other Federal, State, local, and
5 foreign agencies, including financial and
6 other records developed in specific cases.

7 “(iv) Other privately and publicly
8 available information.

9 “(C) Analyze and disseminate the available
10 data in accordance with applicable legal require-
11 ments and policies and guidelines established by
12 the Secretary of the Treasury and the Under
13 Secretary for Enforcement to—

14 “(i) identify possible criminal activity
15 to appropriate Federal, State, local, and
16 foreign law enforcement agencies;

17 “(ii) support ongoing criminal finan-
18 cial investigations and prosecutions and re-
19 lated proceedings, including civil and crimi-
20 nal tax and forfeiture proceedings;

21 “(iii) identify possible instances of
22 noncompliance with subchapters II and III
23 of chapter 53 of this title, chapter 2 of
24 Public Law 91–508, and section 21 of the
25 Federal Deposit Insurance Act to Federal



1 agencies with statutory responsibility for
2 enforcing compliance with such provisions
3 and other appropriate Federal regulatory
4 agencies;

5 “(iv) evaluate and recommend possible
6 uses of special currency reporting require-
7 ments under section 5326; and

8 “(v) determine emerging trends and
9 methods in money laundering and other fi-
10 nancial crimes.

11 “(D) Establish and maintain a financial
12 crimes communications center to furnish law
13 enforcement authorities with intelligence infor-
14 mation related to emerging or ongoing inves-
15 tigation and undercover operations.

16 “(E) Furnish research, analytical, and in-
17 formational services to financial institutions,
18 appropriate Federal regulatory agencies with
19 regard to financial institutions, and appropriate
20 Federal, State, local, and foreign law enforce-
21 ment authorities, in accordance with policies
22 and guidelines established by the Secretary of
23 the Treasury or the Under Secretary of the
24 Treasury for Enforcement, in the interest of de-
25 tection, prevention, and prosecution of ter-



1 rorism, organized crime, money laundering, and
2 other financial crimes.

3 “(F) Establish and maintain a special unit
4 dedicated to combatting the use of informal,
5 nonbank networks and payment and barter sys-
6 tem mechanisms that permit the transfer of
7 funds or the equivalent of funds without records
8 and without compliance with criminal and tax
9 laws.

10 “(G) Provide computer and data support
11 and data analysis to the Secretary of the Treas-
12 ury for tracking and controlling foreign assets.

13 “(H) Coordinate with financial intelligence
14 units in other countries on anti-terrorism and
15 anti-money laundering initiatives, and similar
16 efforts.

17 “(I) Administer the requirements of sub-
18 chapters II and III of chapter 53 of this title,
19 chapter 2 of Public Law 91–508, and section
20 21 of the Federal Deposit Insurance Act, to the
21 extent delegated such authority by the Sec-
22 retary of the Treasury.

23 “(J) Such other duties and powers as the
24 Secretary of the Treasury may delegate or pre-
25 scribe.



1 “(c) REQUIREMENTS RELATING TO MAINTENANCE
2 AND USE OF DATA BANKS.—The Secretary of the Treas-
3 ury shall establish and maintain operating procedures with
4 respect to the government-wide data access service and the
5 financial crimes communications center maintained by the
6 Financial Crimes Enforcement Network which provide—

7 “(1) for the coordinated and efficient trans-
8 mital of information to, entry of information into,
9 and withdrawal of information from, the data main-
10 tenance system maintained by the Network,
11 including—

12 “(A) the submission of reports through the
13 Internet or other secure network, whenever pos-
14 sible;

15 “(B) the cataloguing of information in a
16 manner that facilitates rapid retrieval by law
17 enforcement personnel of meaningful data; and

18 “(C) a procedure that provides for a
19 prompt initial review of suspicious activity re-
20 ports and other reports, or such other means as
21 the Secretary may provide, to identify informa-
22 tion that warrants immediate action;

23 “(2) in accordance with section 552a of title 5
24 and the Right to Financial Privacy Act of 1978, ap-



1 appropriate standards and guidelines for
2 determining—

3 “(A) who is to be given access to the infor-
4 mation maintained by the Network;

5 “(B) what limits are to be imposed on the
6 use of such information; and

7 “(C) how information about activities or
8 relationships which involve or are closely associ-
9 ated with the exercise of constitutional rights is
10 to be screened out of the data maintenance sys-
11 tem; and

12 “(3) the prompt verification of the accuracy
13 and completeness of information maintained by the
14 Network and the prompt deletion or correction of in-
15 accurate or incomplete information.

16 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated for the Financial Crimes
18 Enforcement Network such sums as may be necessary for
19 fiscal years 2002, 2003, 2004, and 2005.”.

20 (b) COMPLIANCE WITH EXISTING REPORTS COMPLI-
21 ANCE.—The Secretary of the Treasury shall study meth-
22 ods for improving compliance with the reporting require-
23 ments established in section 5314 of title 31, United
24 States Code, and shall submit a report on such study to
25 the Congress by the end of the 6-month period beginning



1 on the date of the enactment of this Act and each 1-year
2 period thereafter. The initial report shall include historical
3 data on compliance with such reporting requirements.

4 (c) CLERICAL AMENDMENT.—The table of sections
5 for subchapter I of chapter 3 of title 31, United States
6 Code, is amended—

7 (1) by redesignating the item relating to section
8 310 as section 311; and

9 (2) by inserting after the item relating to sec-
10 tion 309 the following new item:

“310. Financial Crimes Enforcement Network”.

11 **SEC. 121. CUSTOMS SERVICE BORDER SEARCHES.**

12 Section 5317(b) of title 31, United States Code, is
13 amended to read as follows:

14 “(b) SEARCHES AT BORDER.—

15 “(1) IN GENERAL.—For purposes of ensuring
16 compliance with the laws enforced by the United
17 States Customs Service, a customs officer may stop
18 and search, at the border and without a search war-
19 rant, any vehicle, vessel, aircraft, or other convey-
20 ance, any envelope or other container, and any per-
21 son entering or departing from the United States.

22 “(2) INTERNATIONAL SHIPMENTS OF MAIL.—

23 With respect to shipments of international mail
24 (within the meaning of section 3741 of title 39) that
25 are exported or imported by the United States Post-



1 al Service, the Customs Service and other appro-
2 priate Federal agencies shall, subject to paragraph
3 (3), apply the customs laws of the United States and
4 all other laws relating to the importation or expor-
5 tation of such shipments in the same manner to
6 both shipments by the United States Postal Service
7 and similar shipments by private companies.

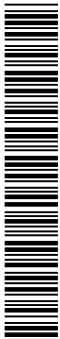
8 “(3) SAFEGUARDS.—No provision of this sub-
9 section shall be construed as authorizing any cus-
10 toms officer or any other person to read, copy, or
11 seize any correspondence unless—

12 “(A) a search warrant has been issued
13 pursuant to Rule 41 of the Federal Rules of
14 Civil Procedure which permits such correspond-
15 ence to be read, copied, or seized; or

16 “(B) the sender or addressee of the cor-
17 respondence has given written consent for any
18 such action.”.

19 **SEC. 122. PROHIBITION ON FALSE STATEMENTS TO FINAN-**
20 **CIAL INSTITUTIONS CONCERNING THE IDEN-**
21 **TITY OF A CUSTOMER.**

22 (a) IN GENERAL.—Chapter 47 of title 18, United
23 States Code, is amended by inserting after section 1007
24 the following:



1 **“§ 1008. False statements concerning the identity of**
2 **customers of financial institutions**

3 “(a) IN GENERAL.—Whoever, in connection with in-
4 formation submitted to or requested by a financial institu-
5 tion, knowingly in any manner—

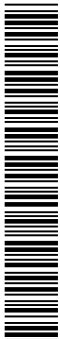
6 “(1) falsifies, conceals, or covers up, or at-
7 tempts to falsify, conceal, or cover up, the identity
8 of any person in connection with any transaction
9 with a financial institution;

10 “(2) makes, or attempts to make, any materi-
11 ally false, fraudulent, or fictitious statement or rep-
12 resentation of the identity of any person in connec-
13 tion with a transaction with a financial institution;

14 “(3) makes or uses, or attempts to make or
15 use, any false writing or document knowing the
16 same to contain any materially false, fictitious, or
17 fraudulent statement or entry concerning the iden-
18 tity of any person in connection with a transaction
19 with a financial institution; or

20 “(4) uses or presents, or attempts to use or
21 present, in connection with a transaction with a fi-
22 nancial institution, an identification document or
23 means of identification the possession of which is a
24 violation of section 1028;

25 shall be fined under this title, imprisoned not more than
26 5 years, or both.



1 “(b) DEFINITIONS.—In this section, the following
2 definitions shall apply:

3 “(1) FINANCIAL INSTITUTION.—The term ‘fi-
4 nancial institution’—

5 “(A) has the same meaning as in section
6 20; and

7 “(B) in addition, has the same meaning as
8 in section 5312(a)(2) of title 31, United States
9 Code.

10 “(2) IDENTIFICATION DOCUMENT.—The term
11 ‘identification document’ has the same meaning as
12 in section 1028(d).

13 “(3) MEANS OF IDENTIFICATION.—The term
14 ‘means of identification’ has the same meaning as in
15 section 1028(d).”.

16 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

17 (1) TITLE 18, UNITED STATES CODE.—Section
18 1956(c)(7)(D) of title 18, United States Code, is
19 amended by striking “1014 (relating to fraudulent
20 loan” and inserting “section 1008 (relating to false
21 statements concerning the identity of customers of
22 financial institutions), section 1014 (relating to
23 fraudulent loan”.

24 (2) TABLE OF SECTIONS.—The table of sections
25 for chapter 47 of title 18, United States Code, is



1 amended by inserting after the item relating to sec-
2 tion 1007 the following:

“1008. False statements concerning the identity of customers of financial insti-
tutions.”.

3 **SEC. 123. VERIFICATION OF IDENTIFICATION.**

4 (a) IN GENERAL.—Section 5318 of title 31, United
5 States Code, is amended by adding at the end the fol-
6 lowing new subsection:

7 “(i) IDENTIFICATION AND VERIFICATION OF
8 ACCOUNTHOLDERS.—

9 “(1) IN GENERAL.—Subject to the require-
10 ments of this subsection, the Secretary of the Treas-
11 ury shall prescribe regulations setting forth the min-
12 imum standards regarding customer identification
13 that shall apply in connection with the opening of an
14 account at a financial institution.

15 “(2) MINIMUM REQUIREMENTS.—The regula-
16 tions shall, at a minimum, require financial institu-
17 tions to implement procedures for—

18 “(A) verifying the identity of any person
19 seeking to open an account to the extent rea-
20 sonable and practicable;

21 “(B) maintaining records of the informa-
22 tion used to verify a person’s identity, including
23 name, address, and other identifying informa-
24 tion;



1 “(C) consulting applicable lists of known
2 or suspected terrorists or terrorist organizations
3 generated by government agencies to determine
4 whether a person seeking to open an account
5 appears on any such list.

6 “(3) FACTORS TO BE CONSIDERED.—In pre-
7 scribing regulations under this subsection, the Sec-
8 retary shall take into consideration the various types
9 of accounts maintained by various types of financial
10 institutions, the various methods of opening ac-
11 counts, and the various types of identifying informa-
12 tion available.

13 “(4) CERTAIN FINANCIAL INSTITUTIONS.—In
14 the case of any financial institution the business of
15 which is engaging in financial activities described in
16 section 4(k) of the Bank Holding Company Act of
17 1956 (including financial activities subject to the ju-
18 risdiction of the Commodity Futures Trading Com-
19 mission), the regulations prescribed by the Secretary
20 under paragraph (1) shall be prescribed jointly with
21 each Federal functional regulator (as defined in sec-
22 tion 509 of the Gramm-Leach-Bliley Act, including
23 the Commodity Futures Trading Commission) ap-
24 propriate for such financial institution.



1 “(5) EXEMPTIONS.—The Secretary of the
2 Treasury (and, in the case of any financial institu-
3 tion described in paragraph (4), any Federal agency
4 described in such paragraph) may, by regulation or
5 order, exempt any financial institution or type of ac-
6 count from the requirements of any regulation pre-
7 scribed under this subsection in accordance with
8 such standards and procedures as the Secretary may
9 prescribe.

10 “(6) EFFECTIVE DATE.—Final regulations pre-
11 scribed under this subsection shall take effect before
12 the end of the 1-year period beginning on the date
13 of the enactment of the Financial Anti-Terrorism
14 Act of 2001.”.

15 (b) STUDY AND REPORT REQUIRED.—Within 6
16 months after the date of the enactment of this Act, the
17 Secretary of the Treasury, in consultation with the Fed-
18 eral functional regulators (as defined in section 509 of the
19 Gramm-Leach-Bliley Act) and other appropriate Govern-
20 ment agencies, shall submit a report to the Congress con-
21 taining recommendations for—

22 (1) determining the most timely and effective
23 way to require foreign nationals to provide domestic
24 financial institutions and agencies with appropriate
25 and accurate information, comparable to that which



1 is required of United States nationals, concerning
2 their identity, address, and other related information
3 necessary to enable such institutions and agencies to
4 comply with the requirements of this section;

5 (2) requiring foreign nationals to apply for and
6 obtain, before opening an account with a domestic
7 financial institution, an identification number which
8 would function similarly to a Social Security number
9 or tax identification number; and

10 (3) establishing a system for domestic financial
11 institutions and agencies to review information
12 maintained by relevant Government agencies for
13 purposes of verifying the identities of foreign nation-
14 als seeking to open accounts at those institutions
15 and agencies.

16 **TITLE II—PUBLIC-PRIVATE**
17 **COOPERATION**

18 **SEC. 201. ESTABLISHMENT OF HIGHLY SECURE NETWORK.**

19 (a) IN GENERAL.—The Secretary of the Treasury
20 shall establish a highly secure network in the Financial
21 Crimes Enforcement Network that—

22 (1) allows financial institutions to file reports
23 required under subchapter II or III of chapter 53 of
24 title 31, United States Code, chapter 2 of Public



1 Law 91–508, or section 21 of the Federal Deposit
2 Insurance Act through the network; and

3 (2) provides financial institutions with alerts
4 and other information regarding suspicious activities
5 that warrant immediate and enhanced scrutiny.

6 (b) EXPEDITED DEVELOPMENT.—The Secretary of
7 the Treasury shall take such action as may be necessary
8 to ensure that the website required under subsection (a)
9 is fully operational before the end of the 9-month period
10 beginning on the date of the enactment of this Act.

11 **SEC. 202. REPORT ON IMPROVEMENTS IN DATA ACCESS**
12 **AND OTHER ISSUES.**

13 Before the end of the 6-month period beginning on
14 the date of the enactment of this Act, the Secretary of
15 the Treasury shall report to the Congress on the following
16 issues:

17 (1) DATA COLLECTION AND ANALYSIS.—
18 Progress made since such date of enactment in
19 meeting the requirements of section 310(c) of title
20 31, United States Code (as added by this Act).

21 (2) BARRIERS TO EXCHANGE OF FINANCIAL
22 CRIME INFORMATION.—Technical, legal, and other
23 barriers to the exchange of financial crime preven-
24 tion and detection information among and between
25 Federal law enforcement agencies, including an iden-



1 tification of all Federal law enforcement data sys-
2 tems between which or among which data cannot be
3 shared for whatever reason.

4 (3) PRIVATE BANKING.—Private banking activi-
5 ties in the United States, including information on
6 the following:

7 (A) The nature and extent of private bank-
8 ing activities in the United States.

9 (B) Regulatory efforts to monitor private
10 banking activities and ensure that such activi-
11 ties are conducted in compliance with sub-
12 chapter II of chapter 53 of title 31, United
13 States Code, and section 21 of the Federal De-
14 posit Insurance Act.

15 (C) With regard to financial institutions
16 that offer private banking services, the policies
17 and procedures of such institutions that are de-
18 signed to ensure compliance with the require-
19 ments of subchapter II of chapter 53 of title
20 31, United States Code, and section 21 of the
21 Federal Deposit Insurance Act with respect to
22 private banking activity.



1 **SEC. 203. REPORTS TO THE FINANCIAL SERVICES INDUS-**
2 **TRY ON SUSPICIOUS FINANCIAL ACTIVITIES.**

3 At least once each calendar quarter, the Secretary of
4 the Treasury shall—

5 (1) publish a report containing a detailed anal-
6 ysis identifying patterns of suspicious activity and
7 other investigative insights derived from suspicious
8 activity reports and investigations conducted by Fed-
9 eral, State, and local law enforcement agencies to
10 the extent appropriate; and

11 (2) distribute such report to financial institu-
12 tions (as defined in section 5312 of title 31, United
13 States Code).

14 **SEC. 204. EFFICIENT USE OF CURRENCY TRANSACTION RE-**
15 **PORT SYSTEM.**

16 (a) FINDINGS.—The Congress finds the following:

17 (1) The Congress established the currency
18 transaction reporting requirements in 1970 because
19 the Congress found then that such reports have a
20 high degree of usefulness in criminal, tax, and regu-
21 latory investigations and proceedings and the useful-
22 ness of such reports has only increased in the years
23 since the requirements were established.

24 (2) In 1994, in response to reports and testi-
25 mony that excess amounts of currency transaction
26 reports were interfering with effective law enforce-



1 ment, the Congress reformed the currency trans-
2 action report exemption requirements to provide—

3 (A) mandatory exemptions for certain re-
4 ports that had little usefulness for law enforce-
5 ment, such as cash transfers between depository
6 institutions and cash deposits from government
7 agencies; and

8 (B) discretionary authority for the Sec-
9 retary of the Treasury to provide exemptions,
10 subject to criteria and guidelines established by
11 the Secretary, for financial institutions with re-
12 gard to regular business customers that main-
13 tain accounts at an institution into which fre-
14 quent cash deposits are made.

15 (3) Today there is evidence that some financial
16 institutions are not utilizing the exemption system,
17 or are filing reports even if there is an exemption in
18 effect, with the result that the volume of currency
19 transaction reports is once again interfering with ef-
20 fective law enforcement.

21 (b) STUDY AND REPORT.—

22 (1) STUDY REQUIRED.—The Secretary of the
23 Treasury shall conduct a study of—

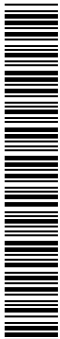


1 (A) the possible expansion of the statutory
2 exemption system in effect under 5313 of title
3 31, United States Code;

4 (B) methods for improving financial insti-
5 tution utilization of the statutory exemption
6 provisions as a way of reducing the submission
7 of currency transaction reports that have little
8 or no value for law enforcement purposes, in-
9 cluding improvements in the systems in effect
10 at financial institutions for regular review of
11 the exemption procedures used at the institu-
12 tion and the training of personnel in its effec-
13 tive use; and

14 (C) the feasibility and advisability of estab-
15 lishing sanctions or creating incentives for fi-
16 nancial institutions that routinely engage in fil-
17 ing currency transaction reports that have little
18 or no value for law enforcement purposes with-
19 out regard to the statutory exemptions available
20 with respect to such reports.

21 (2) REPORT REQUIRED.—The Secretary of the
22 Treasury shall submit a report to the Congress be-
23 fore the end of the 90-day period beginning on the
24 date of the enactment of this Act containing the
25 findings and conclusions of the Secretary with re-



1 gard to the study required under subsection (a) and
2 such recommendations for legislative or administra-
3 tive action as the Secretary determines to be appro-
4 priate.

5 **SEC. 205. PUBLIC-PRIVATE TASK FORCE ON TERRORIST FI-**
6 **NANCING ISSUES.**

7 Section 1564 of the Annunzio—Wylie Anti-Money
8 Laundering Act (31 U.S.C. 5313 note) is amended by
9 adding at the end the following new subsection:

10 “(d) TERRORIST FINANCING ISSUES.—

11 “(1) IN GENERAL.—The Secretary of the
12 Treasury shall provide, either within the Bank Se-
13 crecy Act Advisory Group, or as a subcommittee or
14 other adjunct of the Advisory Group, for a task
15 force of representatives from agencies and officers
16 represented on the Advisory Group, a representative
17 of the Director of the Office of Homeland Security,
18 and representatives of financial institutions, private
19 organizations that represent the financial services in-
20 dustry, and other interested parties to focus on—

21 “(A) issues specifically related to the fi-
22 nances of terrorist groups, the means terrorist
23 groups use to transfer funds around the world
24 and within the United States, and the extent to
25 which financial institutions in the United States



1 are unwittingly involved in such finances and
2 the extent to which such institutions are at risk
3 as a result;

4 “(B) the relationship, particularly the fi-
5 nancial relationship, between international nar-
6 cotics traffickers and foreign terrorist organiza-
7 tions, the extent to which their memberships
8 overlap and engage in joint activities, and the
9 extent to which they cooperate with each other
10 in raising and transferring funds for their re-
11 spective purposes; and

12 “(C) means of facilitating the identification
13 of accounts and transactions involving terrorist
14 groups and facilitating the exchange of informa-
15 tion concerning such accounts and transactions
16 between financial institutions and law enforce-
17 ment organizations.

18 “(2) APPLICABILITY OF OTHER PROVISIONS.—
19 Sections 552, 552a, and 552b of title 5, United
20 States Code, and the Federal Advisory Committee
21 Act shall not apply to the task force established pur-
22 suant to paragraph (1).”.



1 **SEC. 206. SUSPICIOUS ACTIVITY REPORTING REQUIRE-**
2 **MENTS.**

3 (a) DEADLINE FOR SUSPICIOUS ACTIVITY REPORT-
4 ING REQUIREMENTS FOR REGISTERED BROKERS AND
5 DEALERS.—The Secretary of the Treasury, in consulta-
6 tion with the Securities and Exchange Commission, shall
7 publish regulations in the Federal Register before January
8 1, 2002, requiring brokers and dealers registered with the
9 Securities and Exchange Commission under the Securities
10 Exchange Act of 1934 to submit suspicious activity re-
11 ports under section 5318(g) of title 31, United States
12 Code.

13 (b) SUSPICIOUS ACTIVITY REPORTING REQUIRE-
14 MENTS FOR FUTURES COMMISSION MERCHANTS, COM-
15 MODITY TRADING ADVISORS, AND COMMODITY POOL OP-
16 ERATORS.—The Secretary of the Treasury, in consultation
17 with the Commodity Futures Trading Commission, may
18 prescribe regulations requiring futures commission mer-
19 chants, commodity trading advisors, and commodity pool
20 operators registered under the Commodity Exchange Act
21 to submit suspicious activity reports under section
22 5318(g) of title 31, United States Code.



1 **SEC. 207. AMENDMENTS RELATING TO REPORTING OF SUS-**
2 **PICIOUS ACTIVITIES.**

3 (a) AMENDMENT RELATING TO CIVIL LIABILITY IM-
4 MUNITY FOR DISCLOSURES.—Section 5318(g)(3) of title
5 31, United States Code, is amended to read as follows:

6 “(3) LIABILITY FOR DISCLOSURES.—

7 “(A) IN GENERAL.—Any financial institu-
8 tion that makes a voluntary disclosure of any
9 possible violation of law or regulation to a gov-
10 ernment agency or makes a disclosure pursuant
11 to this subsection or any other authority, and
12 any director, officer, employee, or agent of such
13 institution who makes, or requires another to
14 make any such disclosure, shall not be liable to
15 any person under any law or regulation of the
16 United States, any constitution, law, or regula-
17 tion of any State or political subdivision of any
18 State, or under any contract or other legally en-
19 forceable agreement (including any arbitration
20 agreement), for such disclosure or for any fail-
21 ure to provide notice of such disclosure to any
22 person.

23 “(B) RULE OF CONSTRUCTION.—Subpara-
24 graph (A) shall not be construed as creating—

25 “(i) any inference that the term ‘per-
26 son’, as used in such subparagraph, may



1 be construed more broadly than its ordi-
2 nary usage so to include any government
3 or agency of government; or

4 “(ii) any immunity against, or other-
5 wise affecting, any civil or criminal action
6 brought by any government or agency of
7 government to enforce any constitution,
8 law, or regulation of such government or
9 agency.”.

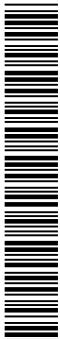
10 (b) PROHIBITION ON NOTIFICATION OF DISCLO-
11 SURES.—Section 5318(g)(2) of title 31, United States
12 Code, is amended to read as follows:

13 “(2) NOTIFICATION PROHIBITED.—

14 “(A) IN GENERAL.—If a financial institu-
15 tion or any director, officer, employee, or agent
16 of any financial institution, voluntarily or pur-
17 suant to this section or any other authority, re-
18 ports a suspicious transaction to a government
19 agency—

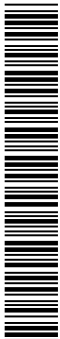
20 “(i) the financial institution, director,
21 officer, employee, or agent may not notify
22 any person involved in the transaction that
23 the transaction has been reported; and

24 “(ii) no officer or employee of the
25 Federal Government or of any State, local,



1 tribal, or territorial government within the
2 United States, who has any knowledge that
3 such report was made may disclose to any
4 person involved in the transaction that the
5 transaction has been reported other than
6 as necessary to fulfill the official duties of
7 such officer or employee.

8 “(B) DISCLOSURES IN CERTAIN EMPLOY-
9 MENT REFERENCES.—Notwithstanding the ap-
10 plication of subparagraph (A) in any other con-
11 text, subparagraph (A) shall not be construed
12 as prohibiting any financial institution, or any
13 director, officer, employee, or agent of such in-
14 stitution, from including, in a written employ-
15 ment reference that is provided in accordance
16 with section 18(v) of the Federal Deposit Insur-
17 ance Act in response to a request from another
18 financial institution or a written termination
19 notice or employment reference that is provided
20 in accordance with the rules of the self-regu-
21 latory organizations registered with the Securi-
22 ties and Exchange Commission, information
23 that was included in a report to which subpara-
24 graph (A) applies, but such written employment
25 reference may not disclose that such informa-



1 tion was also included in any such report or
2 that such report was made.”.

3 **SEC. 208. AUTHORIZATION TO INCLUDE SUSPICIONS OF IL-**
4 **LEGAL ACTIVITY IN WRITTEN EMPLOYMENT**
5 **REFERENCES.**

6 Section 18 of the Federal Deposit Insurance Act (12
7 U.S.C. 1828) is amended by adding at the end the fol-
8 lowing new subsection:

9 “(w) WRITTEN EMPLOYMENT REFERENCES MAY
10 CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL AC-
11 TIVITY.—

12 “(1) IN GENERAL.—Notwithstanding any other
13 provision of law, any insured depository institution,
14 and any director, officer, employee, or agent of such
15 institution, may disclose in any written employment
16 reference relating to a current or former institution-
17 affiliated party of such institution which is provided
18 to another insured depository institution in response
19 to a request from such other institution, information
20 concerning the possible involvement of such institu-
21 tion-affiliated party in potentially unlawful activity,
22 to the extent—

23 “(i) the disclosure does not contain in-
24 formation which the institution, director,



1 officer, employee, or agent knows to be
2 false; and

3 “(ii) the institution, director, officer,
4 employee, or agent has not acted with mal-
5 ice or with reckless disregard for the truth
6 in making the disclosure.

7 “(2) DEFINITION.—For purposes of this sub-
8 section, the term ‘insured depository institution’ in-
9 cludes any uninsured branch or agency of a foreign
10 bank.”.

11 **SEC. 209. INTERNATIONAL COOPERATION ON IDENTIFICA-**
12 **TION OF ORIGINATORS OF WIRE TRANSFERS.**

13 The Secretary of the Treasury shall—

14 (1) in consultation with the Attorney General
15 and the Secretary of State, take all reasonable steps
16 to encourage foreign governments to require the in-
17 clusion of the name of the originator in wire transfer
18 instructions sent to the United States and other
19 countries, with the information to remain with the
20 transfer from its origination until the point of dis-
21 bursement; and

22 (2) report annually to the Committee on Finan-
23 cial Services of the House of Representatives and
24 the Committee on Banking, Housing, and Urban Af-
25 fairs of the Senate on—

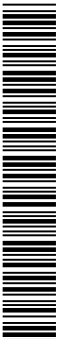


1 (A) progress toward the goal enumerated
2 in paragraph (1), as well as impediments to im-
3 plementation and an estimated compliance rate;
4 and

5 (B) impediments to instituting a regime in
6 which all appropriate identification, as defined
7 by the Secretary, about wire transfer recipients
8 shall be included with wire transfers from their
9 point of origination until disbursement.

10 **SEC. 210. CHECK TRUNCATION STUDY.**

11 Before the end of the 90-day period beginning on the
12 date of the enactment of this Act, the Secretary of the
13 Treasury, in consultation with the Attorney General and
14 the Board of Governors of the Federal Reserve System,
15 shall conduct a study of the impact on crime prevention,
16 law enforcement, and the administration of consumer pro-
17 tection laws of any policy of the Board of Governors of
18 the Federal Reserve System relating to the promotion of
19 check electronification, through truncation or other
20 means, or migration from paper checks.



1 **TITLE III—COMBATTING INTER-**
2 **NATIONAL MONEY LAUN-**
3 **DERING**

4 **SEC. 301. SPECIAL MEASURES FOR JURISDICTIONS, FINAN-**
5 **CIAL INSTITUTIONS, OR INTERNATIONAL**
6 **TRANSACTIONS OF PRIMARY MONEY LAUN-**
7 **DERING CONCERN.**

8 (a) IN GENERAL.—Subchapter II of chapter 53 of
9 title 31, United States Code, is amended by inserting after
10 section 5318 the following new section:

11 **“SEC. 5318A. SPECIAL MEASURES FOR JURISDICTIONS, FI-**
12 **NANCIAL INSTITUTIONS, OR INTERNATIONAL**
13 **TRANSACTIONS OF PRIMARY MONEY LAUN-**
14 **DERING CONCERN.**

15 “(a) INTERNATIONAL COUNTER-MONEY LAUN-
16 DERING REQUIREMENTS.—

17 “(1) IN GENERAL.—The Secretary may require
18 domestic financial institutions and domestic financial
19 agencies to take 1 or more of the special measures
20 described in subsection (b) if the Secretary finds
21 that reasonable grounds exist for concluding that a
22 jurisdiction outside of the United States, 1 or more
23 financial institutions operating outside of the United
24 States, 1 or more classes of transactions within, or
25 involving, a jurisdiction outside of the United States,



1 or 1 or more types of accounts is of primary money
2 laundering concern, in accordance with subsection
3 (c).

4 “(2) FORM OF REQUIREMENT.—The special
5 measures described in—

6 “(A) subsection (b) may be imposed in
7 such sequence or combination as the Secretary
8 shall determine;

9 “(B) paragraphs (1) through (4) of sub-
10 section (b) may be imposed by regulation,
11 order, or otherwise as permitted by law; and

12 “(C) subsection (b)(5) may be imposed
13 only by regulation.

14 “(3) DURATION OF ORDERS; RULEMAKING.—
15 Any order by which a special measure described in
16 paragraphs (1) through (4) of subsection (b) is im-
17 posed (other than an order described in section
18 5326)—

19 “(A) shall be issued together with a notice
20 of proposed rulemaking relating to the imposi-
21 tion of such special measure; and

22 “(B) may not remain in effect for more
23 than 120 days, except pursuant to a regulation
24 prescribed on or before the end of the 120-day



1 period beginning on the date of issuance of
2 such order.

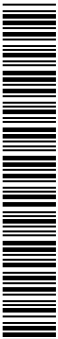
3 “(4) PROCESS FOR SELECTING SPECIAL MEAS-
4 URES.—In selecting which special measure or meas-
5 ures to take under this subsection, the Secretary—

6 “(A) shall consult with the Chairman of
7 the Board of Governors of the Federal Reserve
8 System, any other appropriate Federal banking
9 agency (as defined in section 3 of the Federal
10 Deposit Insurance Act), the Securities and Ex-
11 change Commission, the National Credit Union
12 Administration Board, and in the sole discre-
13 tion of the Secretary such other agencies and
14 interested parties as the Secretary may find to
15 be appropriate; and

16 “(B) shall consider—

17 “(i) whether similar action has been
18 or is being taken by other nations or multi-
19 lateral groups;

20 “(ii) whether the imposition of any
21 particular special measure would create a
22 significant competitive disadvantage, in-
23 cluding any undue cost or burden associ-
24 ated with compliance, for financial institu-



1 tions organized or licensed in the United
2 States; and

3 “(iii) the extent to which the action or
4 the timing of the action would have a sig-
5 nificant adverse systemic impact on the
6 international payment, clearance, and set-
7 tlement system, or on legitimate business
8 activities involving the particular jurisdic-
9 tion, institution, or class of transactions.

10 “(5) NO LIMITATION ON OTHER AUTHORITY.—

11 This section shall not be construed as superseding or
12 otherwise restricting any other authority granted to
13 the Secretary, or to any other agency, by this sub-
14 chapter or otherwise.

15 “(b) SPECIAL MEASURES.—The special measures re-
16 ferred to in subsection (a), with respect to a jurisdiction
17 outside of the United States, financial institution oper-
18 ating outside of the United States, class of transaction
19 within, or involving, a jurisdiction outside of the United
20 States, or 1 or more types of accounts are as follows:

21 “(1) RECORDKEEPING AND REPORTING OF
22 CERTAIN FINANCIAL TRANSACTIONS.—

23 “(A) IN GENERAL.—The Secretary may re-
24 quire any domestic financial institution or do-
25 mestic financial agency to maintain records, file



1 reports, or both, concerning the aggregate
2 amount of transactions, or concerning each
3 transaction, with respect to a jurisdiction out-
4 side of the United States, 1 or more financial
5 institutions operating outside of the United
6 States, 1 or more classes of transactions within,
7 or involving, a jurisdiction outside of the United
8 States, or 1 or more types of accounts if the
9 Secretary finds any such jurisdiction, institu-
10 tion, or class of transactions to be of primary
11 money laundering concern.

12 “(B) FORM OF RECORDS AND REPORTS.—
13 Such records and reports shall be made and re-
14 tained at such time, in such manner, and for
15 such period of time, as the Secretary shall de-
16 termine, and shall include such information as
17 the Secretary may determine, including—

18 “(i) the identity and address of the
19 participants in a transaction or relation-
20 ship, including the identity of the origi-
21 nator of any funds transfer;

22 “(ii) the legal capacity in which a par-
23 ticipant in any transaction is acting;

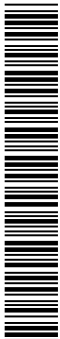
24 “(iii) the identity of the beneficial
25 owner of the funds involved in any trans-



1 action, in accordance with such procedures
2 as the Secretary determines to be reason-
3 able and practicable to obtain and retain
4 the information; and

5 “(iv) a description of any transaction.

6 “(2) INFORMATION RELATING TO BENEFICIAL
7 OWNERSHIP.—In addition to any other requirement
8 under any other provision of law, the Secretary may
9 require any domestic financial institution or domes-
10 tic financial agency to take such steps as the Sec-
11 retary may determine to be reasonable and prac-
12 ticable to obtain and retain information concerning
13 the beneficial ownership of any account opened or
14 maintained in the United States by a foreign person
15 (other than a foreign entity whose shares are subject
16 to public reporting requirements or are listed and
17 traded on a regulated exchange or trading market),
18 or a representative of such a foreign person, that in-
19 volves a jurisdiction outside of the United States, 1
20 or more financial institutions operating outside of
21 the United States, 1 or more classes of transactions
22 within, or involving, a jurisdiction outside of the
23 United States, or 1 or more types of accounts if the
24 Secretary finds any such jurisdiction, institution,

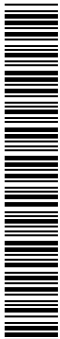


1 transaction, or account to be of primary money laun-
2 dering concern.

3 “(3) INFORMATION RELATING TO CERTAIN PAY-
4 ABLE-THROUGH ACCOUNTS.—If the Secretary finds
5 a jurisdiction outside of the United States, 1 or
6 more financial institutions operating outside of the
7 United States, or 1 or more classes of transactions
8 within, or involving, a jurisdiction outside of the
9 United States to be of primary money laundering
10 concern, the Secretary may require any domestic fi-
11 nancial institution or domestic financial agency that
12 opens or maintains a payable-through account in the
13 United States for a foreign financial institution in-
14 volving any such jurisdiction or any such financial
15 institution operating outside of the United States, or
16 a payable through account through which any such
17 transaction may be conducted, as a condition of
18 opening or maintaining such account—

19 “(A) to identify each customer (and rep-
20 resentative of such customer) of such financial
21 institution who is permitted to use, or whose
22 transactions are routed through, such payable-
23 through account; and

24 “(B) to obtain, with respect to each such
25 customer (and each such representative), infor-



1 mation that is substantially comparable to that
2 which the depository institution obtains in the
3 ordinary course of business with respect to its
4 customers residing in the United States.

5 “(4) INFORMATION RELATING TO CERTAIN COR-
6 RESPONDENT ACCOUNTS.—If the Secretary finds a
7 jurisdiction outside of the United States, 1 or more
8 financial institutions operating outside of the United
9 States, or 1 or more classes of transactions within,
10 or involving, a jurisdiction outside of the United
11 States to be of primary money laundering concern,
12 the Secretary may require any domestic financial in-
13 stitution or domestic financial agency that opens or
14 maintains a correspondent account in the United
15 States for a foreign financial institution involving
16 any such jurisdiction or any such financial institu-
17 tion operating outside of the United States, or a cor-
18 respondent account through which any such trans-
19 action may be conducted, as a condition of opening
20 or maintaining such account—

21 “(A) to identify each customer (and rep-
22 resentative of such customer) of any such finan-
23 cial institution who is permitted to use, or
24 whose transactions are routed through, such
25 correspondent account; and



1 “(B) to obtain, with respect to each such
2 customer (and each such representative), infor-
3 mation that is substantially comparable to that
4 which the depository institution obtains in the
5 ordinary course of business with respect to its
6 customers residing in the United States.

7 “(5) PROHIBITIONS OR CONDITIONS ON OPEN-
8 ING OR MAINTAINING CERTAIN CORRESPONDENT OR
9 PAYABLE-THROUGH ACCOUNTS.—If the Secretary
10 finds a jurisdiction outside of the United States, 1
11 or more financial institutions operating outside of
12 the United States, or 1 or more classes of trans-
13 actions within, or involving, a jurisdiction outside of
14 the United States to be of primary money laun-
15 dering concern, the Secretary, in consultation with
16 the Secretary of State, the Attorney General, and
17 the Chairman of the Board of Governors of the Fed-
18 eral Reserve System, may prohibit, or impose condi-
19 tions upon, the opening or maintaining in the United
20 States of a correspondent account or payable-
21 through account by any domestic financial institu-
22 tion or domestic financial agency for or on behalf of
23 a foreign banking institution, if such correspondent
24 account or payable-through account involves any
25 such jurisdiction or institution, or if any such trans-



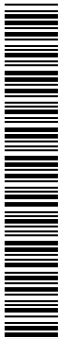
1 action may be conducted through such cor-
2 respondent account or payable-through account.

3 “(c) CONSULTATIONS AND INFORMATION TO BE
4 CONSIDERED IN FINDING JURISDICTIONS, INSTITUTIONS,
5 TYPES OF ACCOUNTS, OR TRANSACTIONS TO BE OF PRI-
6 MARY MONEY LAUNDERING CONCERN.—

7 “(1) IN GENERAL.—In making a finding that
8 reasonable grounds exist for concluding that a juris-
9 diction outside of the United States, 1 or more fi-
10 nancial institutions operating outside of the United
11 States, 1 or more classes of transactions within, or
12 involving, a jurisdiction outside of the United States,
13 or 1 or more types of accounts is of primary money
14 laundering concern so as to authorize the Secretary
15 to take 1 or more of the special measures described
16 in subsection (b), the Secretary shall consult with
17 the Secretary of State, and the Attorney General.

18 “(2) ADDITIONAL CONSIDERATIONS.—In mak-
19 ing a finding described in paragraph (1), the Sec-
20 retary shall consider in addition such information as
21 the Secretary determines to be relevant, including
22 the following potentially relevant factors:

23 “(A) JURISDICTIONAL FACTORS.—In the
24 case of a particular jurisdiction—



1 “(i) evidence that organized criminal
2 groups, international terrorists, or both,
3 have transacted business in that jurisdic-
4 tion;

5 (ii) the extent to which that jurisdic-
6 tion or financial institutions operating in
7 that jurisdiction offer bank secrecy or spe-
8 cial regulatory advantages to nonresidents
9 or nondomiciliaries of that jurisdiction;

10 “(iii) the substance and quality of ad-
11 ministration of the bank supervisory and
12 counter-money laundering laws of that ju-
13 risdiction;

14 “(iv) the relationship between the vol-
15 ume of financial transactions occurring in
16 that jurisdiction and the size of the econ-
17 omy of the jurisdiction;

18 “(v) the extent to which that jurisdic-
19 tion is characterized as an offshore bank-
20 ing or secrecy haven by credible inter-
21 national organizations or multilateral ex-
22 pert groups;

23 “(vi) whether the United States has a
24 mutual legal assistance treaty with that ju-
25 risdiction, and the experience of United



1 States law enforcement officials, and regu-
2 latory officials in obtaining information
3 about transactions originating in or routed
4 through or to such jurisdiction; and

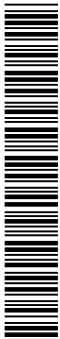
5 “(vii) the extent to which that juris-
6 diction is characterized by high levels of of-
7 ficial or institutional corruption.

8 “(B) INSTITUTIONAL FACTORS.—In the
9 case of a decision to apply 1 or more of the spe-
10 cial measures described in subsection (b) only
11 to a financial institution or institutions, or to a
12 transaction or class of transactions, or to a type
13 of account, or to all 3, within or involving a
14 particular jurisdiction—

15 “(i) the extent to which such financial
16 institutions, transactions, or types of ac-
17 counts are used to facilitate or promote
18 money laundering in or through the juris-
19 diction;

20 “(ii) the extent to which such institu-
21 tions, transactions, or types of accounts
22 are used for legitimate business purposes
23 in the jurisdiction; and

24 “(iii) the extent to which such action
25 is sufficient to ensure, with respect to



1 transactions involving the jurisdiction and
2 institutions operating in the jurisdiction,
3 that the purposes of this subchapter con-
4 tinue to be fulfilled, and to guard against
5 international money laundering and other
6 financial crimes.

7 “(d) NOTIFICATION OF SPECIAL MEASURES IN-
8 VOKED BY THE SECRETARY.—Not later than 10 days
9 after the date of any action taken by the Secretary under
10 subsection (a)(1), the Secretary shall notify, in writing,
11 the Committee on Financial Services of the House of Rep-
12 resentatives and the Committee on Banking, Housing, and
13 Urban Affairs of the Senate of any such action.

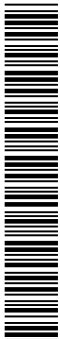
14 “(e) DEFINITIONS.—Notwithstanding any other pro-
15 vision of this subchapter, for purposes of this section, the
16 following definitions shall apply:

17 “(1) BANK DEFINITIONS.—The following defini-
18 tions shall apply with respect to a bank:

19 “(A) ACCOUNT.—The term ‘account’—

20 “(i) means a formal banking or busi-
21 ness relationship established to provide
22 regular services, dealings, and other finan-
23 cial transactions; and

24 “(ii) includes a demand deposit, sav-
25 ings deposit, or other transaction or asset



1 account and a credit account or other ex-
2 tension of credit.

3 “(B) CORRESPONDENT ACCOUNT.—The
4 term ‘correspondent account’ means an account
5 established to receive deposits from, make pay-
6 ments on behalf of a foreign financial institu-
7 tion, or handle other financial transactions re-
8 lated to such institution.

9 “(C) PAYABLE-THROUGH ACCOUNT.—The
10 term ‘payable-through account’ means an ac-
11 count, including a transaction account (as de-
12 fined in section 19(b)(1)(C) of the Federal Re-
13 serve Act), opened at a depository institution by
14 a foreign financial institution by means of
15 which the foreign financial institution permits
16 its customers to engage, either directly or
17 through a subaccount, in banking activities
18 usual in connection with the business of bank-
19 ing in the United States.

20 “(D) SECRETARY.—The term ‘Secretary’
21 means the Secretary of the Treasury.

22 “(2) DEFINITIONS APPLICABLE TO INSTITU-
23 TIONS OTHER THAN BANKS.—With respect to any fi-
24 nancial institution other than a bank, the Secretary
25 shall, after consultation with the appropriate Fed-



1 eral functional regulators (as defined in section 509
2 of the Gramm-Leach-Bliley Act), define by regula-
3 tion the term ‘account’, and shall include within the
4 meaning of that term, to the extent, if any, that the
5 Secretary deems appropriate, arrangements similar
6 to payable-through and correspondent accounts.

7 “(3) REGULATORY DEFINITION.—The Sec-
8 retary shall promulgate regulations defining bene-
9 ficial ownership of an account for purposes of this
10 subchapter. Such regulations shall address issues re-
11 lated to an individual’s authority to fund, direct, or
12 manage the account (including the power to direct
13 payments into or out of the account), and an indi-
14 vidual’s material interest in the income or corpus of
15 the account, and shall ensure that the identification
16 of individuals under this section does not extend to
17 any individual whose beneficial interest in the in-
18 come or corpus of the account is immaterial.”.

19 “(4) OTHER TERMS.—The Secretary may, by
20 regulation, further define the terms in paragraphs
21 (1) and (2) and define other terms for the purposes
22 of this section, as the Secretary deems appro-
23 priate.”.



1 (b) FINANCIAL INSTITUTIONS SPECIFIED IN SUB-
2 CHAPTER II OF CHAPTER 53 OF TITLE 31, UNITED
3 STATES CODE.—

4 (1) CREDIT UNIONS.—Subparagraph (E) of
5 section 5312(2) of title 31, United States Code, is
6 amended to read as follows:

7 “(E) any credit union;”.

8 (2) FUTURES COMMISSION MERCHANT; COM-
9 MODITY TRADING ADVISOR; COMMODITY POOL OPER-
10 ATOR.—Section 5312 of title 31, United States
11 Code, is amended by adding at the end the following
12 new subsection:

13 “(c) ADDITIONAL DEFINITIONS.—For purposes of
14 this subchapter, the following definitions shall apply:

15 “(1) CERTAIN INSTITUTIONS INCLUDED IN
16 DEFINITION.—The term ‘financial institution’ (as
17 defined in subsection (a)) includes the following:

18 “(A) Any futures commission merchant,
19 commodity trading advisor, or commodity pool
20 operator registered, or required to register,
21 under the Commodity Exchange Act.”.

22 (3) CFTC INCLUDED.—For purposes of this
23 Act and any amendment made by this Act to any
24 other provision of law, the term “Federal functional



1 regulator” includes the Commodity Futures Trading
2 Commission.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subchapter II of chapter 53 of title 31, United States
5 Code, is amended by inserting after the item relating to
6 section 5318 the following new item:

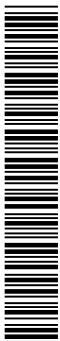
“5318A. Special measures for jurisdictions, financial institutions, or inter-
national transactions of primary money laundering concern.”.

7 **SEC. 302. SPECIAL DUE DILIGENCE FOR CORRESPONDENT**
8 **ACCOUNTS AND PRIVATE BANKING AC-**
9 **COUNTS.**

10 (a) IN GENERAL.—Section 5318 of title 31, United
11 States Code, is amended by inserting after subsection (i)
12 (as added by section 123 of this Act) the following new
13 subsection:

14 “(j) DUE DILIGENCE FOR UNITED STATES PRIVATE
15 BANKING AND CORRESPONDENT BANK ACCOUNTS IN-
16 VOLVING FOREIGN PERSONS.—

17 “(1) IN GENERAL.—Each financial institution
18 that establishes, maintains, administers, or manages
19 a private banking account or a correspondent ac-
20 count in the United States for a non-United States
21 person, including a foreign individual visiting the
22 United States, or a representative of a non-United
23 States person, shall establish appropriate, specific,
24 and, where necessary, enhanced due diligence poli-



1 cies, procedures, and controls to detect and report
2 instances of money laundering through those ac-
3 counts.

4 “(2) MINIMUM STANDARDS FOR COR-
5 RESPONDENT ACCOUNTS.—

6 “(A) IN GENERAL.—Subparagraph (B)
7 shall apply if a correspondent account is re-
8 quested or maintained by, or on behalf of, a
9 foreign bank operating—

10 “(i) under an offshore banking li-
11 cense; or

12 “(ii) under a banking license issued
13 by a foreign country that has been
14 designated—

15 “(I) as noncooperative with inter-
16 national anti-money laundering prin-
17 ciples or procedures by an intergov-
18 ernmental group or organization of
19 which the United States is a member;
20 or

21 “(II) by the Secretary as war-
22 ranting special measures due to
23 money laundering concerns.

24 “(B) POLICIES, PROCEDURES, AND CON-
25 TROLS.—The enhanced due diligence policies,



1 procedures, and controls required under para-
2 graph (1) for foreign banks described in sub-
3 paragraph (A) shall, at a minimum, ensure that
4 the financial institution in the United States
5 takes reasonable steps—

6 “(i) to ascertain for any such foreign
7 bank, the shares of which are not publicly
8 traded, the identity of each of the owners
9 of the foreign bank, and the nature and
10 extent of the ownership interest of each
11 such owner;

12 “(ii) to conduct enhanced scrutiny of
13 such account to guard against money laun-
14 dering and report any suspicious trans-
15 actions under section 5318(g); and

16 “(iii) to ascertain whether such for-
17 eign bank provides correspondent accounts
18 to other foreign banks and, if so, the iden-
19 tity of those foreign banks and related due
20 diligence information, as appropriate under
21 paragraph (1).

22 “(3) MINIMUM STANDARDS FOR PRIVATE BANK-
23 ING ACCOUNTS.—If a private banking account is re-
24 quested or maintained by, or on behalf of, a non-
25 United States person, then the due diligence policies,



1 procedures, and controls required under paragraph
2 (1) shall, at a minimum, ensure that the financial
3 institution takes reasonable steps—

4 “(A) to ascertain the identity of the nomi-
5 nal and beneficial owners of, and the source of
6 funds deposited into, such account as needed to
7 guard against money laundering and report any
8 suspicious transactions under section 5318(g);
9 and

10 “(B) to conduct enhanced scrutiny of any
11 such account that is requested or maintained
12 by, or on behalf of, a senior foreign political fig-
13 ure, or any immediate family member or close
14 associate of a senior foreign political figure, to
15 prevent, detect, and report transactions that
16 may involve the proceeds of foreign corruption.

17 “(4) DEFINITIONS.—For purposes of this sub-
18 section, the following definitions shall apply:

19 “(A) OFFSHORE BANKING LICENSE.—The
20 term ‘offshore banking license’ means a license
21 to conduct banking activities which, as a condi-
22 tion of the license, prohibits the licensed entity
23 from conducting banking activities with the citi-
24 zens of, or with the local currency of, the coun-
25 try which issued the license.



1 “(B) PRIVATE BANK ACCOUNT.—The term
2 ‘private bank account’ means an account (or
3 any combination of accounts) that—

4 “(i) requires a minimum aggregate
5 deposits of funds or other assets of not less
6 than \$1,000,000;

7 “(ii) is established on behalf of 1 or
8 more individuals who have a direct or ben-
9 eficial ownership interest in the account;
10 and

11 “(iii) is assigned to, or is administered
12 or managed by, in whole or in part, an of-
13 ficer, employee, or agent of a financial in-
14 stitution acting as a liaison between the fi-
15 nancial institution and the direct or bene-
16 ficial owner of the account.

17 “(5) REGULATORY AUTHORITY.—Before the
18 end of the 6-month period beginning on the date of
19 the enactment of the Financial Anti-Terrorism Act
20 of 2001, the Secretary, in consultation with the ap-
21 propriate Federal functional regulators (as defined
22 in section 509 of the Gramm-Leach-Bliley Act) shall
23 further define and clarify, by regulation, the require-
24 ments of this subsection.”.



1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect beginning 180 days after the
3 date of the enactment of this Act with respect to accounts
4 covered by subsection (j) of section 5318 of title 31,
5 United States Code (as added by this section) that are
6 opened before, on, or after the date of the enactment of
7 this Act.

8 **SEC. 303. PROHIBITION ON UNITED STATES COR-**
9 **RESPONDENT ACCOUNTS WITH FOREIGN**
10 **SHELL BANKS.**

11 Section 5318 of title 31, United States Code, is
12 amended by inserting after subsection (j) (as added by sec-
13 tion 302 of this title) the following new subsection:

14 “(k) PROHIBITION ON UNITED STATES COR-
15 RESPONDENT ACCOUNTS WITH FOREIGN SHELL
16 BANKS.—

17 “(1) IN GENERAL.—A depository institution
18 shall not establish, maintain, administer, or manage
19 a correspondent account in the United States for, or
20 on behalf of, a foreign bank that does not have a
21 physical presence in any country.

22 “(2) PREVENTION OF INDIRECT SERVICE TO
23 FOREIGN SHELL BANKS.—

24 “(A) IN GENERAL.—A depository institu-
25 tion shall take reasonable steps to ensure that



1 any correspondent account established, main-
2 tained, administered, or managed by that insti-
3 tution in the United States for a foreign bank
4 is not being used by that foreign bank to indi-
5 rectly provide banking services to another for-
6 eign bank that does not have a physical pres-
7 ence in any country.

8 “(B) REGULATIONS.—The Secretary shall,
9 in regulations, delineate reasonable steps nec-
10 essary for a depository institution to comply
11 with this subsection.

12 “(3) EXCEPTION.—Paragraphs (1) and (2)
13 shall not be construed as prohibiting a depository in-
14 stitution from providing a correspondent account to
15 a foreign bank, if the foreign bank—

16 “(A) is an affiliate of a depository institu-
17 tion, credit union, or other foreign bank that
18 maintains a physical presence in the United
19 States or a foreign country, as applicable; and

20 “(B) is subject to supervision by a banking
21 authority in the country regulating the affili-
22 ated depository institution, credit union, or for-
23 eign bank, described in subparagraph (A), as
24 applicable.



1 “(4) DEFINITIONS.—For purposes of this sec-
2 tion, the following definitions shall apply:

3 “(A) AFFILIATE.—The term ‘affiliate’
4 means a foreign bank that is controlled by or
5 is under common control with a depository in-
6 stitution, credit union, or foreign bank.

7 “(B) DEPOSITORY INSTITUTION.—The ‘de-
8 pository institution’—

9 “(i) has the meaning given such term
10 in section 3 of the Federal Deposit Insur-
11 ance Act; and

12 “(ii) includes a credit union.

13 “(C) PHYSICAL PRESENCE.—The term
14 ‘physical presence’ means a place of business
15 that—

16 “(i) is maintained by a foreign bank;

17 “(ii) is located at a fixed address
18 (other than solely an electronic address) in
19 a country in which the foreign bank is au-
20 thorized to conduct banking activities, at
21 which location the foreign bank—

22 “(I) employs 1 or more individ-
23 uals on a full-time basis; and

24 “(II) maintains operating records
25 related to its banking activities; and



1 “(iii) is subject to inspection by the
2 banking authority which licensed the for-
3 eign bank to conduct banking activities.”.

4 **SEC. 304. ANTI-MONEY LAUNDERING PROGRAMS.**

5 Section 5318(h) of title 31, United States Code, is
6 amended to read as follows:

7 “(h) ANTI-MONEY LAUNDERING PROGRAMS.—

8 “(1) IN GENERAL.—In order to guard against
9 money laundering through financial institutions,
10 each financial institution shall establish anti-money
11 laundering programs, including, at a minimum—

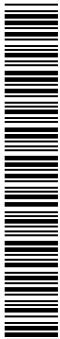
12 “(A) the development of internal policies,
13 procedures, and controls;

14 “(B) the designation of a compliance offi-
15 cer;

16 “(C) an ongoing employee training pro-
17 gram; and

18 “(D) an independent audit function to test
19 programs.

20 “(2) REGULATIONS.—The Secretary may pre-
21 scribe minimum standards for programs established
22 under paragraph (1), and may exempt from the ap-
23 plication of those standards any financial institution
24 that is not subject to the provisions of the regula-
25 tions contained in part 103 of title 31, of the Code



1 of Federal Regulations, as in effect on the date of
2 the enactment of the Financial Anti-Terrorism Act
3 of 2001, or any successor to such regulations, for so
4 long as such financial institution is not subject to
5 the provisions of such regulations.”.

6 **SEC. 305. CONCENTRATION ACCOUNTS AT FINANCIAL IN-**
7 **STITUTIONS.**

8 Section 5318(h) of title 31, United States Code (as
9 amended by section 303) is amended by adding at the end
10 the following:

11 “(3) CONCENTRATION ACCOUNTS.—The Sec-
12 retary may prescribe regulations under this sub-
13 section that govern maintenance of concentration ac-
14 counts by financial institutions, in order to ensure
15 that such accounts are not used to prevent associa-
16 tion of the identity of an individual customer with
17 the movement of funds of which the customer is the
18 direct or beneficial owner, which regulations shall, at
19 a minimum—

20 “(A) prohibit financial institutions from al-
21 lowing clients to direct transactions that move
22 their funds into, out of, or through the con-
23 centration accounts of the financial institution;

24 “(B) prohibit financial institutions and
25 their employees from informing customers of



1 the existence of, or the means of identifying,
2 the concentration accounts of the institution;
3 and

4 “(C) require each financial institution to
5 establish written procedures governing the doc-
6 umentation of all transactions involving a con-
7 centration account, which procedures shall en-
8 sure that, any time a transaction involving a
9 concentration account commingles funds belong-
10 ing to 1 or more customers, the identity of, and
11 specific amount belonging to, each customer is
12 documented.”.

13 **SEC. 306. INTERNATIONAL COOPERATION IN INVESTIGA-**
14 **TIONS OF MONEY LAUNDERING, FINANCIAL**
15 **CRIMES, AND THE FINANCES OF TERRORIST**
16 **GROUPS.**

17 (a) NEGOTIATIONS.—

18 (1) IN GENERAL.—In addition to the require-
19 ments of section 4702 of the Anti-Drug Abuse Act
20 of 1988, the Secretary of the Treasury (hereinafter
21 in this section referred to as the “Secretary”), in
22 consultation with the Attorney General, the Sec-
23 retary of State, and the Board of Governors of the
24 Federal Reserve System, shall enter into negotia-
25 tions with the appropriate financial supervisory



1 agencies and other officials of any foreign country
2 the financial institutions of which do business with
3 United States financial institutions or which may be
4 utilized by any foreign terrorist organization (as des-
5 ignated under section 219 of the Immigration and
6 Nationality Act), any person who is a member or
7 representative of any such organization, or any per-
8 son engaged in money laundering or financial or
9 other crimes.

10 (2) PURPOSES OF NEGOTIATIONS.—In carrying
11 out negotiations under paragraph (1), the Secretary
12 shall seek to enter into and further cooperative ef-
13 forts, voluntary information exchanges, the use of
14 letters rogatory, mutual legal assistance treaties,
15 and international agreements to—

16 (A) ensure that foreign banks and other fi-
17 nancial institutions maintain adequate records
18 of—

19 (i) large United States currency
20 transactions; and

21 (ii) transaction and account informa-
22 tion relating to any foreign terrorist orga-
23 nization (as designated under section 219
24 of the Immigration and Nationality Act),
25 any person who is a member or representa-



1 tive of any such organization, or any per-
2 son engaged in money laundering or finan-
3 cial or other crimes; and

4 (B) establish a mechanism whereby such records
5 may be made available to United States law enforce-
6 ment officials and domestic financial institution su-
7 pervisors, when appropriate.

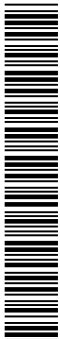
8 (b) REPORTS.—

9 (1) INTERIM REPORT.—Not later than 1 year
10 after the date of the enactment of this Act, the Sec-
11 retary shall submit an interim report to the Con-
12 gress on progress in the negotiations under sub-
13 section (a).

14 (2) FINAL REPORT.—Not later than 2 years
15 after the date of the enactment of this Act, the Sec-
16 retary shall submit a final report to the President
17 and the Congress, on the outcome of negotiations
18 under subsection (a).

19 (3) IDENTIFICATION OF CERTAIN COUN-
20 TRIES.—In the report submitted under paragraph
21 (2), the Secretary shall identify countries—

22 (A) with respect to which the Secretary de-
23 termines there is evidence that the financial in-
24 stitutions in such countries are being utilized,
25 knowingly or unwittingly, by any foreign ter-



1 rorist organization (as designated under section
2 219 of the Immigration and Nationality Act),
3 any person who is a member or representative
4 of any such organization, or any person en-
5 gaged in money laundering or financial or other
6 crimes; and

7 (B) which have not reached agreement
8 with United States authorities to meet the ob-
9 jectives of subparagraphs (A) and (B) of sub-
10 section (a)(2).

11 (c) AUTHORITY FOR OTHER ACTION.—

12 (1) IN GENERAL.—If the President determines
13 that—

14 (A) a foreign country is described in sub-
15 paragraphs (A) and (B) of subsection (b)(3);
16 and

17 (B) such country is not negotiating in good
18 faith to reach an agreement described in sub-
19 section (a)(2),

20 the President may impose appropriate penalties and
21 sanctions on such country and, except as provided in
22 paragraph (3), financial institutions of such country.

23 (2) PENALTIES AND SANCTIONS.—The pen-
24 alties and sanctions which may be imposed by the



1 President under paragraph (1) include temporarily
2 or permanently—

3 (A) prohibiting such persons, institutions,
4 or other entities as the President may designate
5 in any such country from participating in any
6 United States dollar clearing or wire transfer
7 system; and

8 (B) prohibiting such persons, institutions
9 or entities as the President may designate in
10 such countries from maintaining an account
11 with any bank or other financial institution
12 chartered under the laws of the United States
13 or any State.

14 (3) EXEMPTION FOR CERTAIN FINANCIAL IN-
15 STITUTIONS.—Financial institutions that maintain
16 adequate records shall be exempt from such pen-
17 alties and sanctions.

18 **SEC. 307. PROHIBITION ON ACCEPTANCE OF ANY BANK IN-**
19 **STRUMENT FOR UNLAWFUL INTERNET GAM-**
20 **BLING.**

21 (a) IN GENERAL.—No person engaged in the busi-
22 ness of betting or wagering may knowingly accept, in con-
23 nection with the participation of another person in unlaw-
24 ful Internet gambling—



1 (1) credit, or the proceeds of credit, extended to
2 or on behalf of such other person (including credit
3 extended through the use of a credit card);

4 (2) an electronic fund transfer or funds trans-
5 mitted by or through a money transmitting business,
6 or the proceeds of an electronic fund transfer or
7 money transmitting service, from or on behalf of the
8 other person; or

9 (3) the proceeds of any other form of financial
10 transaction as the Secretary may prescribe by regu-
11 lation which involves a financial institution as a
12 payor or financial intermediary on behalf of or for
13 the benefit of the other person.

14 (b) DEFINITIONS.—For purposes of this Act, the fol-
15 lowing definitions shall apply:

16 (1) BETS OR WAGERS.—The term “bets or
17 wagers”—

18 (A) means the staking or risking by any
19 person of something of value upon the outcome
20 of a contest of others, a sporting event, or a
21 game subject to chance, upon an agreement or
22 understanding that the person or another per-
23 son will receive something of greater value than
24 the amount staked or risked in the event of a
25 certain outcome;



1 (B) includes the purchase of a chance or
2 opportunity to win a lottery or other prize
3 (which opportunity to win is predominantly sub-
4 ject to chance);

5 (C) includes any scheme of a type de-
6 scribed in section 3702 of title 28;

7 (D) includes any instructions or informa-
8 tion pertaining to the establishment or move-
9 ment of funds in an account by the bettor or
10 customer with the business of betting or wager-
11 ing; and

12 (E) does not include—

13 (i) any activity governed by the secu-
14 rities laws (as that term is defined in sec-
15 tion 3(a)(47) of the Securities Exchange
16 Act of 1934) for the purchase or sale at a
17 future date of securities (as that term is
18 defined in section 3(a)(10) of such Act);

19 (ii) any transaction on or subject to
20 the rules of a contract market designated
21 pursuant to the Commodity Exchange Act;

22 (iii) any over-the-counter derivative
23 instrument;

24 (iv) any contract of indemnity or
25 guarantee;



1 (v) any contract for insurance;

2 “(vi) any deposit or other transaction
3 with a depository institution (as defined in
4 section 3(c) of the Federal Deposit Insur-
5 ance Act);

6 (vii) any participation in a simulation
7 sports game or an educational game or
8 contest that—

9 (I) is not dependent solely on the
10 outcome of any single sporting event
11 or nonparticipant’s singular individual
12 performance in any single sporting
13 event;

14 (II) has an outcome that reflects
15 the relative knowledge and skill of the
16 participants with such outcome deter-
17 mined predominantly by accumulated
18 statistical results of sporting events;
19 and

20 (III) offers a prize or award to a
21 participant that is established in ad-
22 vance of the game or contest and is
23 not determined by the number of par-
24 ticipants or the amount of any fees
25 paid by those participants; and



1 (viii) any transaction with a business
2 licensed by a State.

3 (2) BUSINESS OF BETTING OR WAGERING.—

4 The term “business of betting or wagering” does not
5 include, other than for purposes of subsection (e),
6 any creditor, credit card issuer, insured depository
7 institution, financial institution, operator of a ter-
8 minal at which an electronic fund transfer may be
9 initiated, money transmitting business, or inter-
10 national, national, regional, or local network utilized
11 to effect a credit transaction, electronic fund trans-
12 fer, stored value product transaction, or money
13 transmitting service, or any participant in such net-
14 work.

15 (3) INTERNET.—The term “Internet” means
16 the international computer network of interoperable
17 packet switched data networks.

18 (4) UNLAWFUL INTERNET GAMBLING.—The
19 term “unlawful Internet gambling” means to place,
20 receive, or otherwise transmit a bet or wager by any
21 means which involves the use, at least in part, of the
22 Internet where such bet or wager is unlawful under
23 any applicable Federal or State law in the State in
24 which the bet or wager is initiated, received, or oth-
25 erwise made.



1 (5) OTHER TERMS.—

2 (A) CREDIT; CREDITOR; AND CREDIT
3 CARD.—The terms “credit”, “creditor”, and
4 “credit card” have the meanings given such
5 terms in section 103 of the Truth in Lending
6 Act.

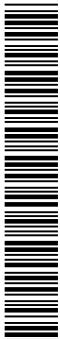
7 (B) ELECTRONIC FUND TRANSFER.—The
8 term “electronic fund transfer”—

9 (i) has the meaning given such term
10 in section 903 of the Electronic Fund
11 Transfer Act; and

12 (ii) includes any fund transfer covered
13 by Article 4A of the Uniform Commercial
14 Code, as in effect in any State.

15 (C) FINANCIAL INSTITUTION.—The term
16 “financial institution” has the meaning given
17 such term in section 903 of the Electronic
18 Fund Transfer Act.

19 (D) MONEY TRANSMITTING BUSINESS AND
20 MONEY TRANSMITTING SERVICE.—The terms
21 “money transmitting business” and “money
22 transmitting service” have the meanings given
23 such terms in section 5330(d) of title 31,
24 United States Code.



1 (E) SECRETARY.—The term “Secretary”
2 means the Secretary of the Treasury.

3 (c) CIVIL REMEDIES.—

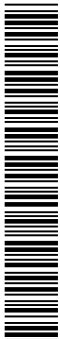
4 (1) JURISDICTION.—The district courts of the
5 United States shall have original and exclusive juris-
6 diction to prevent and restrain violations of this sec-
7 tion by issuing appropriate orders in accordance
8 with this section, regardless of whether a prosecu-
9 tion has been initiated under this section.

10 (2) PROCEEDINGS.—

11 (A) INSTITUTION BY FEDERAL GOVERN-
12 MENT.—

13 (i) IN GENERAL.—The United States,
14 acting through the Attorney General, may
15 institute proceedings under this subsection
16 to prevent or restrain a violation of this
17 section.

18 (ii) RELIEF.—Upon application of the
19 United States under this subparagraph,
20 the district court may enter a preliminary
21 injunction or an injunction against any
22 person to prevent or restrain a violation of
23 this section, in accordance with Rule 65 of
24 the Federal Rules of Civil Procedure.



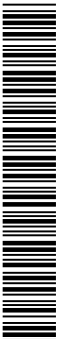
1 (B) INSTITUTION BY STATE ATTORNEY
2 GENERAL.—

3 (i) IN GENERAL.—The attorney gen-
4 eral of a State (or other appropriate State
5 official) in which a violation of this section
6 allegedly has occurred or will occur may in-
7 stitute proceedings under this subsection to
8 prevent or restrain the violation.

9 (ii) RELIEF.—Upon application of the
10 attorney general (or other appropriate
11 State official) of an affected State under
12 this subparagraph, the district court may
13 enter a preliminary injunction or an in-
14 junction against any person to prevent or
15 restrain a violation of this section, in ac-
16 cordance with Rule 65 of the Federal
17 Rules of Civil Procedure.

18 (C) INDIAN LANDS.—

19 (i) IN GENERAL.—Notwithstanding
20 subparagraphs (A) and (B), for a violation
21 that is alleged to have occurred, or may
22 occur, on Indian lands (as that term is de-
23 fined in section 4 of the Indian Gaming
24 Regulatory Act)—



1 (I) the United States shall have
2 the enforcement authority provided
3 under subparagraph (A);

4 (II) the enforcement authorities
5 specified in an applicable Tribal-State
6 compact negotiated under section 11
7 of the Indian Gaming Regulatory Act
8 shall be carried out in accordance
9 with that compact; and

10 (III) class III Internet gaming
11 activities shall be lawful only if such
12 activities are—

13 (aa) located in a State that
14 permits Internet gambling;

15 (bb) conducted in conform-
16 ance with a tribal-State compact
17 pursuant to section 11(d)(3) of
18 the Indian Gaming Regulatory
19 Act; and

20 (cc) the person placing or
21 transmitting the wager or bet is
22 located in a jurisdiction that per-
23 mits Internet gambling.

24 (ii) RULE OF CONSTRUCTION.—No
25 provision of this section shall be construed



1 as altering, superseding, or otherwise af-
2 fecting the application of the Indian Gam-
3 ing Regulatory Act.

4 (D) BANKING REGULATORS.—Before initi-
5 ating any proceeding under this paragraph with
6 respect to a violation or potential violation of
7 subsection (e) by an insured depository institu-
8 tion (as defined in section 3 of the Federal De-
9 posit Insurance Act), the Attorney General of
10 the United States or an attorney general of a
11 State (or other appropriate State official)
12 shall—

13 (i) notify the appropriate Federal
14 banking agency (as defined in such sec-
15 tion) of such violation or potential viola-
16 tion; and

17 (ii) allow such agency a reasonable
18 time to issue an order to such insured de-
19 pository institution under section 8(x) of
20 the Federal Deposit Insurance Act.

21 (3) EXPEDITED PROCEEDINGS.—

22 (A) IN GENERAL.—In addition to any pro-
23 ceeding under paragraph (2), a district court
24 may, in exigent circumstances, enter a tem-
25 porary restraining order against a person al-



1 leged to be in violation of this section upon ap-
2 plication of the United States under paragraph
3 (2)(A), or the attorney general (or other appro-
4 priate State official) of an affected State under
5 paragraph (2)(B), in accordance with Rule
6 65(b) of the Federal Rules of Civil Procedure.

7 (4) LIMITATION.—No provision of this section
8 shall be construed as authorizing an injunction
9 against an interactive computer service (as defined
10 in section 230(f) of the Communications Act of
11 1934) unless such interactive computer service is
12 acting in active concert or participation with a per-
13 son who violates this section and such service re-
14 ceives actual notice of the order.

15 (d) CRIMINAL PENALTY.—

16 (1) IN GENERAL.—Whoever violates this section
17 shall be fined under title 18, United States Code, or
18 imprisoned for not more than 5 years, or both.

19 (2) PERMANENT INJUNCTION.—Upon convic-
20 tion of a person under this subsection, the court
21 may enter a permanent injunction enjoining such
22 person from placing, receiving, or otherwise making
23 bets or wagers or sending, receiving, or inviting in-
24 formation assisting in the placing of bets or wagers.



1 (e) CIRCUMVENTIONS PROHIBITED.—Notwith-
2 standing subsection (b)(2), a creditor, credit card issuer,
3 financial institution, operator of a terminal at which an
4 electronic fund transfer may be initiated, money transmit-
5 ting business, or international, national, regional, or local
6 network utilized to effect a credit transaction, electronic
7 fund transfer, or money transmitting service, or any par-
8 ticipant in such network, may be liable under this section
9 if such creditor, issuer, institution, operator, business, net-
10 work, or participant has actual knowledge and control of
11 bets and wagers—

12 (1) operates, manages, supervises, or directs an
13 Internet website at which unlawful bets or wagers
14 may be placed, received, or otherwise made or at
15 which unlawful bets or wagers are offered to be
16 placed, received, or otherwise made; or

17 (2) owns or controls, or is owned or controlled
18 by, any person who operates, manages, supervises,
19 or directs an Internet website at which unlawful bets
20 or wagers may be placed, received, or otherwise
21 made or at which unlawful bets or wagers are of-
22 fered to be placed, received, or otherwise made.

23 (f) ENFORCEMENT ACTIONS.—Section 8 of the Fed-
24 eral Deposit Insurance Act (12 U.S.C. 1818) is amended
25 by adding at the end the following new subsection:



1 “(x) DEPOSITORY INSTITUTION INVOLVEMENT IN
2 INTERNET GAMBLING.—If any appropriate Federal bank-
3 ing agency determines that any insured depository institu-
4 tion is engaged in any of the following activities, the agen-
5 cy may issue an order to such institution prohibiting such
6 institution from continuing to engage in any of the fol-
7 lowing activities:

8 “(1) Extending credit, or facilitating an exten-
9 sion of credit, electronic fund transfer, or money
10 transmitting service with the actual knowledge that
11 any person is violating section 3(a) of the Unlawful
12 Internet Gambling Funding Prohibition Act in con-
13 nection with such extension of credit, electronic fund
14 transfer, or money transmitting service.

15 “(2) Paying, transferring, or collecting on any
16 check, draft, or other instrument drawn on any de-
17 pository institution with the actual knowledge that
18 any person is violating section 3(a) of the Unlawful
19 Internet Gambling Funding Prohibition Act in con-
20 nection with such check, draft, or other instru-
21 ment.”.

22 **SEC. 308. INTERNET GAMBLING IN OR THROUGH FOREIGN**
23 **JURISDICTIONS.**

24 (a) IN GENERAL.—In deliberations between the
25 United States Government and any other country on



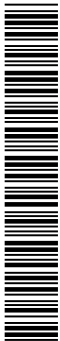
1 money laundering, corruption, and crime issues, the
2 United States Government should—

3 (1) encourage cooperation by foreign govern-
4 ments and relevant international fora in identifying
5 whether Internet gambling operations are being used
6 for money laundering, corruption, or other crimes;

7 (2) advance policies that promote the coopera-
8 tion of foreign governments, through information
9 sharing or other measures, in the enforcement of
10 this Act; and

11 (3) encourage the Financial Action Task Force
12 on Money Laundering, in its annual report on
13 money laundering typologies, to study the extent to
14 which Internet gambling operations are being used
15 for money laundering.

16 (b) REPORT REQUIRED.—The Secretary of the
17 Treasury shall submit an annual report to the Congress
18 on the deliberations between the United States and other
19 countries on issues relating to Internet gambling.



**TITLE IV—CURRENCY
PROTECTION**

**SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OB-
LIGATIONS.**

(a) COUNTERFEIT ACTS COMMITTED OUTSIDE THE
UNITED STATES.—Section 470 of title 18, United States
Code, is amended—

(1) in paragraph (2), by inserting “analog, dig-
ital, or electronic image,” after “plate, stone,”; and

(2) by striking “shall be fined under this title,
imprisoned not more than 20 years, or both” and in-
serting “shall be punished as is provided for the like
offense within the United States”.

(b) OBLIGATIONS OR SECURITIES OF THE UNITED
STATES.—Section 471 of title 18, United States Code, is
amended by striking “fifteen years” and inserting “20
years”.

(c) UTTERING COUNTERFEIT OBLIGATIONS OR SE-
CURITIES.—Section 472 of title 18, United States Code,
is amended by striking “fifteen years” and inserting “20
years”.

(d) DEALING IN COUNTERFEIT OBLIGATIONS OR SE-
CURITIES.—Section 473 of title 18, United States Code,
is amended by striking “ten years” and inserting “20
years”.



1 (e) PLATES, STONES, OR ANALOG, DIGITAL, OR
2 ELECTRONIC IMAGES FOR COUNTERFEITING OBLIGA-
3 TIONS OR SECURITIES.—

4 (1) IN GENERAL.—Section 474(a) of title 18,
5 United States Code, is amended by inserting after
6 the second paragraph the following new paragraph:

7 “Whoever, with intent to defraud, makes, exe-
8 cutes, acquires, scans, captures, records, receives,
9 transmits, reproduces, sells, or has in such person’s
10 control, custody, or possession, an analog, digital, or
11 electronic image of any obligation or other security
12 of the United States; or”.

13 (2) AMENDMENT TO DEFINITION.—Section
14 474(b) of title 18, United States Code, is amended
15 by striking the first sentence and inserting the fol-
16 lowing new sentence: “For purposes of this section,
17 the term ‘analog, digital, or electronic image’ in-
18 cludes any analog, digital, or electronic method used
19 for the making, execution, acquisition, scanning,
20 capturing, recording, retrieval, transmission, or re-
21 production of any obligation or security, unless such
22 use is authorized by the Secretary of the Treasury.”.

23 (3) CLERICAL AMENDMENT.—The heading for
24 section 474 of title 18, United States Code, is
25 amended by striking “**or stones**” and inserting “,



1 **stones, or analog, digital, or electronic**
2 **images”.**

3 (f) TAKING IMPRESSIONS OF TOOLS USED FOR OB-
4 LIGATIONS OR SECURITIES.—Section 476 of title 18,
5 United States Code, is amended—

6 (1) by inserting “analog, digital, or electronic
7 image,” after “impression, stamp,”; and

8 (2) by striking “ten years” and inserting “25
9 years”.

10 (g) POSSESSING OR SELLING IMPRESSIONS OF
11 TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Sec-
12 tion 477 of title 18, United States Code, is amended—

13 (1) in the first paragraph, by inserting “analog,
14 digital, or electronic image,” after “imprint,
15 stamp,”;

16 (2) in the second paragraph, by inserting “ana-
17 log, digital, or electronic image,” after “imprint,
18 stamp,”; and

19 (3) in the third paragraph, by striking “ten
20 years” and inserting “25 years”.

21 (h) CONNECTING PARTS OF DIFFERENT NOTES.—
22 Section 484 of title 18, United States Code, is amended
23 by striking “five years” and inserting “10 years”.

24 (i) BONDS AND OBLIGATIONS OF CERTAIN LENDING
25 AGENCIES.—The first and second paragraphs of section



1 493 of title 18, United States Code, are each amended
2 by striking “five years” and inserting “10 years”.

3 **SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OB-**
4 **LIGATIONS.**

5 (a) FOREIGN OBLIGATIONS OR SECURITIES.—Sec-
6 tion 478 of title 18, United States Code, is amended by
7 striking “five years” and inserting “20 years”.

8 (b) UTTERING COUNTERFEIT FOREIGN OBLIGA-
9 TIONS OR SECURITIES.—Section 479 of title 18, United
10 States Code, is amended by striking “three years” and
11 inserting “20 years”.

12 (c) POSSESSING COUNTERFEIT FOREIGN OBLIGA-
13 TIONS OR SECURITIES.—Section 480 of title 18, United
14 States Code, is amended by striking “one year” and in-
15 serting “20 years”.

16 (d) PLATES, STONES, OR ANALOG, DIGITAL, OR
17 ELECTRONIC IMAGES FOR COUNTERFEITING FOREIGN
18 OBLIGATIONS OR SECURITIES.—

19 (1) IN GENERAL.—Section 481 of title 18,
20 United States Code, is amended by inserting after
21 the second paragraph the following new paragraph:

22 “Whoever, with intent to defraud, makes, exe-
23 cutes, acquires, scans, captures, records, receives,
24 transmits, reproduces, sells, or has in such person’s
25 control, custody, or possession, an analog, digital, or



1 electronic image of any bond, certificate, obligation,
2 or other security of any foreign government, or of
3 any treasury note, bill, or promise to pay, lawfully
4 issued by such foreign government and intended to
5 circulate as money; or”.

6 (2) INCREASED SENTENCE.—The last para-
7 graph of section 481 of title 18, United States Code,
8 is amended by striking “five years” and inserting
9 “25 years”.

10 (3) CLERICAL AMENDMENT.—The heading for
11 section 481 of title 18, United States Code, is
12 amended by striking “**or stones**” and inserting “,
13 **stones, or analog, digital, or electronic**
14 **images**”.

15 (e) FOREIGN BANK NOTES.—Section 482 of title 18,
16 United States Code, is amended by striking “two years”
17 and inserting “20 years”.

18 (f) UTTERING COUNTERFEIT FOREIGN BANK
19 NOTES.—Section 483 of title 18, United States Code, is
20 amended by striking “one year” and inserting “20 years”.

21 **SEC. 403. PRODUCTION OF DOCUMENTS.**

22 Section 5114(a) of title 31, United States Code (re-
23 lating to engraving and printing currency and security
24 documents), is amended—



1 (1) by striking “(a) The Secretary of the Treas-
2 ury” and inserting:

3 “(a) AUTHORITY TO ENGRAVE AND PRINT.—

4 “(1) IN GENERAL.—The Secretary of the
5 Treasury”; and

6 (2) by adding at the end the following new
7 paragraph:

8 “(2) ENGRAVING AND PRINTING FOR OTHER
9 GOVERNMENTS.—The Secretary of the Treasury
10 may, if the Secretary determines that it will not
11 interfere with engraving and printing needs of the
12 United States, produce currency, postage stamps,
13 and other security documents for foreign govern-
14 ments, subject to a determination by the Secretary
15 of State that such production would be consistent
16 with the foreign policy of the United States.”.

17 **SEC. 404. REIMBURSEMENT.**

18 Section 5143 of title 31, United States Code (relating
19 to payment for services of the Bureau of Engraving and
20 Printing), is amended—

21 (1) in the first sentence, by inserting “, any for-
22 eign government, or any territory of the United
23 States” after “agency”;

24 (2) in the second sentence, by inserting “and
25 other” after “administrative”; and



1 (3) in the last sentence, by inserting “, foreign
2 government, or territory of the United States” after
3 “agency”.

